Daily Report

Latin America

FBIS-LAT-90-200
Tuesday
16 October 1990

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FBIS-LAT-90-200 *16 October 1990*

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Central American Parliament Presidents Meet

PA1410174190 Hamburg DPA in Spanish 2335 GMT 11 Oct 90

[Text] Panama City, 11 Oct (DPA)—The second meeting of Central American and Panamanian parliament presidents began today in this capital with an appeal by Panamanian Legislative Assembly President Alonso Fernandez in favor of regional integration.

The event will extend until 13 October; it is attended by parliamentary members from Costa Rica, Honduras, Guatemala, El Salvador, Nicaragua, and Panama. They will try to agree on laws to counter drug trafficking and illiteracy and laws to protect the environment.

The issue of the suitability or unsuitability of the region's economic integration will also be reviewed during the meeting.

In his opening speech, the Panamanian parliamentary president thanked the participants for Central America's solidarity during General Manuel Antonio Noriega's dictatorship, saying that the meeting will forge the region's awareness of the creation of a strong isthmus with democracy and social justice.

Fernandez said that Panama enforces the principle of coexistence among peoples and the strengthening of the region, especially in this era of materialist expansionism where the weak are engulfed by the powerful.

"We live in an interdependent world where isolation is no longer allowed, so we must try to implement integration," Fernandez added.

Cuba

Shevardnadze Cited on Need To Respect Policies

FL1610002090 Havana Radio Rebelde Network in Spanish 0000 GMT 16 Oct 90

[Text] News agencies have reported that Soviet Foreign Minister Eduard Shevardnadze ratified in Moscow the right of the Cuban Government to decide its own future. Shevardnadze also strongly denied speculations regarding an alleged Soviet interference in our country's leadership's policies.

The Soviet foreign minister made his remarks during a news conference at the end of a USSR Supreme Soviet session in which he presented a report on his ministry. Shevardnadze considered it is essential to respect the prerogatives of the Cuban Government and those of any other country.

According to Shevardnadze, President Fidel Castro understands the current difficult situation in the USSR which interferes with the delivery of some Soviet supplies to Havana. Nevertheless, he said: We have done everything possible to carry out the bilateral agreements in effect between the two countries.

Radio Notes Soviet Official's Remarks on Relations

FL1610004790 Havana Radio Rebelde Network in Spanish 0000 GMT 16 Oct 90

[Text] A Soviet Government spokesman said today that his country favors the development of new forms of cooperation with Cuba. Yan Burlyay said textually: The Soviet Foreign Ministry is seeking such methods. Burlyay is the deputy head of the Latin American Department of the Soviet Foreign Ministry.

The official said relations between the two countries are based on principles contained in the friendship treaty signed last year during President Mikhail Gorbachev's visit to Cuba. He added that those relations will undoubtedly continue to become more dynamic in the future.

According to Burlyay, the USSR believes that direct contacts between Soviet and Cuban enterprises can contribute to increase the potential of bilateral economic and trade ties.

U.S. Arms Sale to Saudi Arabia Criticized

FL1510154890 Havana Tele Rebelde Network in Spanish 1455 GMT 15 Oct 90

[From the "Hot off the Press" segment by Daniel Torres on the "Morning Magazine" program]

[Text] Since business [preceding word in English] is an institution in today's society—I am referring to commercial dealings, not to the pejorative meaning that is given to the word business in the Caribbean, but to business in the semantic English sense of the word—the Yankees are making business deals in the Persian Gulf. They have told the Saudis, the Saudi Arabian military authorities, that they can sell that country no less than $20 billion in weapons. Twenty billion dollars—the foreign debt of any Third World country in Latin America. It would have to be a country that does not owe a lot, but that amount could be some country's foreign debt.

One would have to ask then, what the Saudi Arabian Army—a small army, an operational army, but a small one—is going to do with such a large amount of weapons. The answer would have to be that Saudi Arabia is going to serve as a storage point for U.S. weaponry for the Middle East. No other answer is appropriate, because actually, not even if each Saudi soldier were given two rifles, would it sum up to this financial package that North America—the Bush administration in particular—is going to sell the Saudis. Actually, no one understands how Saudi Arabia is going to purchase that enormous amount of weapons. The answer is: Saudi territory can serve as a U.S. stockpile. The Saudis themselves have said that they would oil the weapons and store them for the Yankees.

Some Western journalists have made comments in which they described and classified the Saudi military authorities as U.S. puppets. The fact is that the United States—the Bush administration—is already making deals in the Gulf. It is an excellent deal. The Americans sell a large quantity of weapons that have been taken to the Gulf. If there is a war, they use those weapons. If there is no war, they leave the weapons there for the Saudis. They leave with their $20 billion. They do not have to retransport all that junk that they took over there—I say junk in quotation marks, because these are very sophiscated weapons, the most modern weapons that exist at this time in the world of contemporary warfare. In other words, I am not talking about scrap iron or anything of the sort, because the United States has entrenched itself and armed itself to the teeth in the Persian Gulf area. The Americans will leave those weapons in reserve. If they have to return, the weapons will be there, kept as if in a display window. In addition, they leave with $20 billion. In other words, they have defrayed the cost of this pirate expedition into the Persian Gulf and made a profit on it.

Delegation Ends Official Visit to DPRK

FL1510222590 Havana Radio Reloj Network in Spanish 2102 GMT 15 Oct 90

[Text] Our party's delegation headed by Julio Camacho Aguilera has ended today its official visit to the DPRK where it attended the festivities marking the 45th anniversary of the Korean Workers Party. During its stay in Pyongyang, the Cuban delegation was received by President Kim Il-song who sent an embrace to Fidel and the Cuban revolution.

The 14th meeting of the joint Cuba-DPRK intergovernmental commission began its sessions in Havana today.

It will analyze bilateral cooperation and its outlook for 1991. The two countries have maintained relations for 30 years.

Labor Leader Cited on Restructuring of Unions

FL1510220590 Havana Radio Reloj Network in Spanish 2032 GMT 15 Oct 90

[Text] Pedro Ross, alternate member of the Communist Party of Cuba Politburo and secretary general of the Cuban Workers Federation [CTC], has said in Camaguey that the perfecting of the labor union's structures should be done in line with the needs of the current special period. A report published by the local newspaper ADELANTE notes that Ross analyzed with leaders of the territory the labor movement's organization, in particular, its structure. He estimated it to be broad in the higher spheres and narrow in its base. He said this should be the other way around in order to strengthen the work closest to the workers.

Pedro Ross stated that, in some cases, with consolidated union sections and bureaus there will not be a need for the organization at the municipal level in the province's capital. Finally, the secretary general of the CTC said the purpose is not to make reductions for the sake of reductions among the leadership but to come up with the structure that brings the best results.

Central Committee Member Rene Rodriguez Dies

FL1510223590 Havana Radio Reloj Network in Spanish 2104 GMT 15 Oct 90

[Text] Comrade Rene Rodriguez Cruz died in this capital today. He was member of the Granma yacht expedition and was president of the Cuban Institute of Friendship with the Peoples. The outstanding revolutionary joined the struggle at a young age and was very close to Fidel. At the time of his death he was member of the Communist Party of Cuba Central Committee. He had won numerous decorations because of his performance.

Barbados

Sandiford Defends Petroleum Price Hikes

FL1210164090 Bridgetown CANA in English 1455 GMT 12 Oct 90

[Text] Bridgetown, Barbados, Oct 12, CANA—Barbados Prime Minister Erskine Sandiford has defended his administration's decision to increase oil prices, saying that the island could not be isolated from the worldwide hike in oil and petroleum products.

"Prices of petroleum products have increased in almost all countries in the world. Barbados can be no exception," Sandiford said. "We do not produce enough oil to meet our consumption needs and therefore cannot avoid increases in oil prices which originate in the oil-producing countries," Sandiford remarked in a nationwide address on Thursday night.

Petrol prices were increased by 12 cents a litre on Wednesday, drawing immediate opposition condemnation. The price of diesel and cooking gas was also increased. The Ministry of Trade, Industry, and Commerce, citing the Persian Gulf crisis as the reason, announced an increase that would take a litre of petrol from Bds 1.15 dollar (one Bds dollar = 50 U.S. cents) to 1.27 dollars.

Sandiford said that since August, the island has had to pay 100 percent price hikes for crude oil, and that the government recognised the increases, however small, will have an impact on production and prices throughout the economy.

"However, it is generally accepted that the overall impact of such increases can be a powerful incentive for improved efficiency in the use of what, in the final analysis, is a scarce and unrenewable resource," Sandiford said. Sandiford brushed aside opposition condemnation of the price hike, stating "no one, least of all the leader of the opposition, can bring down the price of petroleum products unless there is a change in the Persian Gulf situation."

Opposition leader Dr. Richie Haynes had said his party would reduce the prices of petroleum products if it won the next elections. Sandiford warned against using the increases in petroleum products "for unwarranted increases in the price of other goods and services... I will be monitoring the situation very closely to see that you, the consumers, are not exploited," he told the nation.

Ex-Bank Governor Proposes Caricom Monetary Union

FL1510143090 Bridgetown CANA in English 2146 GMT 14 Oct 90

[Report by Reudon Eversley]

[Text] Bridgetown, Barbados, Oct 14, CANA—Former Barbados Central Bank Governor Dr. Courtney Blackman on Sunday proposed the partial introduction of monetary union within the Caribbean Community (Caricom), beginning with Barbados, Trinidad and Tobago, and the seven-nation Organisation of Eastern Caribbean states (OECS).

Dr. Blackman, in a feature address to the annual conference of the opposition Barbados Labour Party (BLP), suggested the initial exclusion of Jamaica and Guyana because of the "severe distress" currently plaguing both economies.

"A partial step towards a Caricom monetary union might be achieved through the linkage of the Central Banks of Barbados, the OECS, and Trinidad and Tobago," he said. "This would permit the freeing up of

capital, goods, and skills within the Eastern Caribbean region and considerably contribute to our economic progress."

Dr. Blackman, now a United States-based international business consultant, said monetary union was also necessary for the "effective operation" of the proposed regional stock exchange which, he said, had "little chance of success" as currently structured. He pointed to a tough period ahead for Caribbean and other developing countries as a result of the present restructuring of the global economic system, brought on by the collapse of communism and the shift by former Eastern Bloc countries towards market-driven economies.

Noting that developing countries face increased marginalization both as a result of these developments and the rapid advance of technology, Dr. Blackman suggested Caricom countries had little choice but to "unrelentingly" pursue economic integration.

Addressing the prospects for Barbados, Dr. Blackman said the island was in "serious economic straits." He cited declines in sugar production, export earnings, and dwindling foreign exchange reserves. Dr. Blackman, who left office in 1987, said real economic growth was achieved in the last five years mainly due to "heavy" government borrowing. He suggested Barbados will find it increasingly difficult raising loans on international capital markets because "increasingly harsh terms" will be attached.

"Pragmatic adjustments" were necessary both on the political and economic fronts if recovery is to be achieved, the former Central Bank governor said. On the political front, he called for a depoliticization of the civil service and the government's surrender of exclusive control over what Barbadians see on television by opening up the state-owned Caribbean Broadcasting Corporation to private sector competition. Both steps, he said, were necessary for the enhancement of democracy on the island.

Dr. Blackman also called for the decentralization of the running of local schools, with the restoration of full authority to school principals. He further called for an end to the "nonsensical practice" of changing the boards of management whenever there is a change of government. "Schools are centres of learning, not arenas of politics," he said.

On the economic front, Dr. Blackman called for the privatization of loss-making state companies, noting these businesses were being propped up annually by government subsidies to the tune of about 150 million dollars (one Bds dollar = 50 cents U.S.)

"The ending or sharp reduction of government subsidies to state-owned corporations would go far to reduce current runaway government expenditures which crowd out credit to the private sector, thus diminishing our ability to produce goods and services on a competitive basis, and threatening the destruction of our balance of payments," he said. Dr. Blackman said government needed to encourage more entrepreneurship among the island's black majority. Such support could be provided through assistance with financing and technical assistance, he said.

With respect to the operations of the Central Bank, Dr. Blackman called for the governor to be made accountable to Parliament, instead of the minister of finance as is currently the case. He called too for greater public access to economic information.

"The Central Bank belongs to the people of Barbados, not to the minister of finance; and the public should have access, with few exceptions, to the same economic information available to the minister," he said.

Dominican Republic

Balaguer Replaces Price Stabilization Director

FL1210164290 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 12 Oct 90

[Text] President Joaquin Balaguer has dismissed Engineer Frank Jorge Elias, executive director of the National Institute of Price Stabilization, Inespre. The president appointed Mr. Rafael Augusto Collado, who is also banks superintendent, to replace Jorge Elias. The disposition is contained in Decree 412-90 issued last night by the president.

'Leftist Bloc' Calls for Balaguer's Resignation

FL?510165790 Santo Domingo Radio Mil Network in Spanish 1600 GMT 15 Oct 90

[Report on statements by Dominican Communist Party spokesman Narciso Isa Conde; place and date not given—passages in italics are recorded]

[Text] The leftist block, headed by the Dominican Communist Party, PCD, asked for the resignation of President Joaquin Balaguer today. Acting spokesman Narciso Isa Conde said that Balaguer and his officials should resign from their government posts because they are unable to resolve the country's pressing problems. Isa Conde says that after the resignation of Balaguer, Vice President Carlos Morales Troncoso, and other officials, the reigns of government will be taken over by a provisional regime which will represent all of the country's democratic organizations.

[Isa Conde] *Yesterday, Dr. Balaguer spoke of his willingness to turn power over to the people and then, within 24 hours, he stabbed them in the back again. This new blow of increased fuel prices demands that protests be renewed, that this policy of hunger be resisted. These increases are unacceptable and the people, through their struggle, should defeat them.*

Isa Conde said that the leftist block is against overthrowing President Balaguer's government and replacing

him with Morales Troncoso. According to the communist leader, the most favorable solution would be a voluntary resignation of President Balaguer and that a provisional government of democratic coalition be installed that would confront the crisis and then call for general elections.

[Isa Conde] *We firmly believe that the national crisis demands the resignation or replacement of this government and the application of a patriotic, democratic, and popular alternative. That alternative could make it possible, through the installation of a provisional government of democratic coalition, to represent all forces affected by the crisis and, at the same time, promote a change from a dependent neo-liberal economic model which could confront the most pressing problems, create a representative assembly, and lay the groundwork for truly democratic elections.*

Commentary Urges Balaguer To Assume Leadership

FL1510174590 Santo Domingo Radio Mil Network in Spanish 1600 GMT 15 Oct 90

["Preguntando" commentary: "Should President Balaguer Resign?"]

[Text] The country is in an emergency situation, as the Central Bank governor just stated. The energy shortage and the fuel crisis is paralyzing the nation. Santo Domingo and provincial radio stations, as well as a considerable number of firms, have ceased operations. Shortages of national and imported goods are greater each time. Foodstuffs, vegetables, and fruit are rotting in the fields because of a lack of transportation. The lack of sufficient urban transportation units is becoming critical. Crime is multiplying in various forms, thus disrupting peace and order. The purchasing power of Dominican currency has reached unexpected lows, which threatens to destabilize the local economy. There is no financing for the Agrarian Institute's agricultural-livestock projects, the organization's director says. Trade unions are threatening another general strike because of the government's lack of compliance with the Economic Solidarity Pact. There is concern. There is anxiety. There is uncertainty. There is fear among the Dominican family.

What the people are asking President Joaquin Balaguer is not that he resign, not that he abandon his duties, but rather that he firmly assume the country's leadership as president of all Dominicans. What the citizens expect is for him to lead the way in overcoming the crisis which, if it worsens, could lead us into unprecedented violence in our country.

Haiti

OAS Representative Expresses Election Optimism

FL1210191590 Port-au-Prince Radio Nationale in Creole 1300 GMT 11 Oct 90

[Text] During a 9-day stay in the Republic of Haiti, Pierre F. Cote, a personal representative of Brazilian Ambassador Joao Clemente Baena Soares, secretary general of the OAS and coordinator of the observation mission in Haiti, outlined his assignment (?among) a first contingent of 28 observers from Canada and St. Lucia, who will observe the voter registration process in Haiti.

In the execution of their mission, this team of observers, to be joined by other members of the Caribbean community in the next few days, will visit Port-au-Prince, Gonaives, Cape Haitien, Jacmel, Cayes, and Jeremie. They will observe the registration process in all the provincial cities and will determine whether the operation is being respected. They will visit as many Bureaus for Registration and Vote as possible in the country, and will question voters, delegates of parties, political groups, cartels, and candidates. They will also listen to complaints. They have already begun a report on their observations, which they will submit to the Provisional Electoral Council as they monitor the electoral process.

Pierre F. Cote, who has already received reports from members of the mission on their initial observations, is optimistic that the electoral process will unfold properly. He thanks the Haitian people for welcoming this delegation, and the authorities concerned with the collaboration of the OAS mission, including the 28 observers who arrived in Haiti on 9 Oct and have been following the electoral process, especially registration procedures. This information was based on a note from the OAS regarding the organization of the elections in Haiti.

Voter Registration Bureaus Defiled in Grand-Goave

FL1210223190 Port-au-Prince Radio Haiti-Inter in Creole 2000 GMT 10 Oct 90

[Excerpts] Last night, the arm [as heard] was again used against two BIVs [Bureaus for Registration and Vote]. The house of Mrs. Lherisson Joseph, president of the BEC [Commune Electoral Bureau] in Grand-Goave [city in west region of Haiti], was spattered with feces, excrement, and ugly things. Witnesses stated that only specialists in using feces could do such a job, because of the way the work was done. They [unidentified] even wrote on the doors that there would be more to come; after feces, it might be fuel. As such, the president of the BEC should not be sleeping soundly after receiving so many warnings. [passage omitted]

BIV two and three in Grand-Goave were also splattered. These bureaus have not yet received any candidates, because it seems that the DGI [Income tax General Management] has not yet collected the money for the CEP [Provisional Electoral Council]. [passage omitted].

It is the second time that the feces policy was used during the opening of the BIVs. Such an action already took place in the city of Gonaives last Saturday night, when two BIVs were spattered, and the same slogan was used: More to come! There were many posters in Gonaives

saying: Down with the CEP! Down with the 16 December elections! Down with Article 291! The future will be even worse!

Electoral Assemblies Convene by President's Decree

FL1210141690 Port-au-Prince Radio National in Creole 1300 GMT 11 Oct 90

[Text] By decree dated 5 October from the provisional government of the Republic, the electoral assemblies have convened to elect members of the Communal Sections Administration Councils [Casec's], members of municipal councils [also called mayors], deputies, senators, and the president of the Republic. According to Article 2 of this decree, the place and date for closing the meetings, and the beginning and closing dates of the electoral campaign will be published by the Provisional Electoral Council. This data is based on a memo from the director of information, Information and Coordination Ministry, dated 10 October.

CEP Publishes Partial List of Registered Voters

FL1310165790 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 12 Oct 90

[Text] The Provisional Electoral Council [CEP] has published a list of the number of voters who have already registered at the various Bureaus for Registration and Vote [BIV's] established in the country. The partial number of voters registered for the December elections is as follows:

The following is a breakdown of the 76,706 voters who registered in the in the South Department:

Les Cayes—18,000

Torbeck—7,300

Chantal—3,721

Port-Salut—10,285

Aquin—9,162

Cavaillon—1,023

Saint-Louis du Sud—10,356

Coteaux—1,237

Port-a-Piment—2,164

Roche-a-Bateau—2,712

Chardonnieres—2,118

Les Anglais—7,302

Tiburon—1,326

Out of the 581 BIV's established in Port-au-Prince, the CEP visited 210. The following is a breakdown of the 35,065 voters who have registered.

Saint Martin and La Saline—9,524

Turgeau—1,345

Morne-l'hopital—7,441

2d Bolosse Avenue and Fontamara—1,940

Downtown—8,177

70 other BIV's—6,638

The CEP also advises that yesterday [11 October], the Port-au-Prince Communal Electoral Bureau [BEC] received a candidacy deposition for a [municipal] group made up of Malary Robert Frantz, Pierre Jacques Surpris, and Destin Mondestin Jr. for the Port-au-Prince City Hall. This candidacy declaration is the first one the Port-au-Prince BEC has received since they opened the registration records or the candidacy deposition records.

Interim Government To Allow Manigat Return

FL1210141590 Hilversum International Service in English 1030 GMT 12 Oct 90

[Text] Former Haitian President Leslie Manigat has been given permission by his country's interim government to return home to participate as a candidate in the forthcoming presidential election to be held on December 10th [date as heard]. Leslie Manigat, founder of the Haitian Christian Democratic Party, was elected president in January 1988. Six months after his installation as president he was ousted by the military. Human rights organizations and the United Nations have asked the interim government to lift Manigat's sentence to exile. The December voting is to be monitored by an international commission of observers to guarantee fair and honest elections.

Lafontant Directs Duvalierist, Macoute Convention

FL1510182590 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 15 Oct 90

[Text] Duvalierists and macoutes met this weekend on Highway No. 1 [Vertaillis night club] for their first convention since Jean-Claude Duvalier fell from power on 7 February 1986. This meeting, called the "Convention For National Reconciliation," was held under the banner of "Papa Doc's Black and Red Flag," [Papa Doc changed the traditional horizontal blue and red colors of the Haitian flag into a vertical black and red flag in 1964] and was directed by Dr. Roger Lafontant. According to the talk at the convention, as the leader of the National Reconciliation, which represents "the class" [Duvalierists and macoutes], Lafontant will be their presidential candidate in the elections.

All the barons of the ancien regime, people accused of being thieves, criminals, and torturers were present at this gathering. Roger Lafontant, who the government and the Army say they have been seeking in earnest, was present during the entire rally, where uniformed Armed Forces as well as civilians were ensuring security. We

point out that acts of insecurity have dropped significantly in the eight days prior to this rally.

Jamaica

Seaga To Announce New Shadow Ministers 'Soon'

FL1510172090 Bridgetown CANA in English 1523 GMT 15 Oct 90

[Text] Kingston, Jamaica, Oct 15, CANA—Leader of the opposition Jamaica Labour Party (JLP), Edward Seaga, on Sunday ruled out any possibility of reversing a party decision barring five dissident parliamentarians from contesting future elections on a JLP ticket.

Speaking on a national radio broadcast, the former prime minister, whose leadership style has been criticised by the so-called Gang of Five, said the party would shortly start the process of selecting replacement candidates. He also said replacement shadow ministers would soon be named.

The five—Pearnel Charles, Errol Anderson, Edmund Bartlett, Douglas Vaz, and Karl Samuda—were relieved by Seaga of their responsibilities as opposition parliamentary spokesmen on agriculture, national security, housing, industry, and public utilities respectively. The five had served under the previous JLP government which was replaced at the polls last year.

Outlining the background to the action against the five dissidents, Seaga said if an organisation contained members who took part in private talks and planning, and then betrayed their colleagues by taking information on such matters to the streets, the organisation would have problems functioning.

"The result is that inevitably its members will become demoralised and it would cease to operate. If more than one member indulges in such practices and together become linked as a gang or a clique, then such a group must be disciplined if it persists to operate in such a manner," Seaga said.

He said problems affecting the JLP over the past year resulted from the desire of a few members to be free to operate as JLP members when they want, and as members of a separate clique when they don't. Seaga accused the five parliamentarians of planning to take over the leadership of the JLP through a strategy aimed at forcing his resignation. He noted, however, that no member of the group had sought high office in the party by openly competing in elections at the annual JLP conference.

Referring to the criticisms against his leadership, Seaga said it was dishonest for anyone to say he had operated as "a one-man band" by not allowing party members to voice dissenting views and to take part in the policy directions. Seaga said those who wanted to malign the party leadership, despite invitations for them to come back into the fold, had to bear the consequences of their actions. He said it was now time for the party to move on.

After his removal, Pearnel Charles publicly declared he would challenge Seaga for the leadership of the party, saying Seaga was unable to unite the JLP. He postponed a scheduled Sunday radio broadcast "in deference to Mr. Seaga."

High-Ranking Soviet Trade Delegation Arrives

FL1510211090 Bridgetown CANA in English 1959 GMT 15 Oct 90

[Text] Kingston, Jamaica, Oct 15, CANA—A high-ranking trade delegation from the Soviet Union is in Jamaica for a series of meetings on trade, economic and technical cooperation between the two countries.

A joint Jamaica/Soviet commission established in the 70's will meet from Tuesday to review existing bilateral trade arrangements and examine the possibility for expansion. Possible cooperation in tourism, vocational and language training, culture and sports will also be examined. The Soviet Union currently buys bauxite and pimento from Jamaica and exports Lada motor cars here under a special agreement.

The 12-member Soviet delegation is headed by V.N. Burmistrov, deputy minister of foreign economic relations and chairman of the Soviet side of the joint commission.

Trinidad and Tobago

Robinson: Timing of Coup Attempt 'Significant'

FL1310184090 Bridgetown CANA in English 1800 GMT 13 Oct 90

[Text] Kingston, Jamaica, Oct 13, CANA—Trinidad and Tobago's Prime Minister A.N.R. Robinson says the timing of the coup attempt by members of a radical Black Muslim group in his country last July cannot be separated from a corruption probe which implicated members of the previous government and foreign multinational companies. Speaking to reporters in Kingston after discussions with Jamaica's Prime Minister Michael Manley, Robinson said the timing of the coup attempt was significant.

"Economically, it was clear that our position was improving and that we were at the beginning of an upward movement," he said. "Secondly, there was a debate in Parliament involving the corrupt practices which were engaged in by the previous regime.

"As a result (of certain findings) we were able to take legal action—one of the first countries in the developing world which was able to do that—in the United States, against a multinational corporation and obtain a settlement which brought us 27 million TT dollars," Robinson said.

The government was, at the time still pursuing other aspects of that matter of corruption of top officials of the government in Canada including a former minister, and

the parliamentary debate showed how the government itself had been penetrated by the directors of a multinational corporation, Robinson remarked. These people were able to walk freely in and out of the president's house, he said.

"They were able to confer on very palsy-walsy terms with ministers and make their plans to favour the company in one way or another," he complained.

The Trinidad prime minister said the government had been getting an idea of the extent of the corruption, which involved numbered bank accounts in Switzerland when the coup was attempted. It had been expected that he would be making further revelations in Parliament that afternoon, Robinson said.

"The house (Parliament) was crowded with people who had come to listen to a debate the nature of which had never taken place before," he told reporters.

"It was in those circumstances that the barbarous intervention took place which had the effect of suppressing the debate. So the timing was important."

Asked if there were other players in the coup attempt apart from those who acted it out, Robinson replied:

"As a politician what other conclusion can you draw? These things don't happen by accident."

Two Parliamentarians Seek Freedom for Coupists

FL1310181390 Bridgetown CANA in English 1736 GMT 13 Oct 90

[Text] Port of Spain, Trinidad, Oct 13, CANA—Two Trinidad and Tobago opposition parliamentarians have filed affidavits in the high court in support of a constitutional motion seeking freedom for 114 persons charged in connection with a late July coup attempt. The United National Congress' John Humphrey and Kelvin Ramnath, both held hostage when members of the Jamaat-al-Muslimeen stormed Parliament, argue that the government made a binding deal with the Black Muslim group.

On Friday afternoon, Humphrey filed an affidavit in the San Fernando High Court which said an agreement entered into by the government and the Muslimeen resulted in "an end to the hostage situation." He said the government agreed to have elections in 90 days, amnesty and land for the Muslims, and the resignation of Prime Minister A.N.R. Robinson, among those who had been held hostage. The Muslimeen members are facing 22 charges arising out of the July 27 coup attempt in which 24 persons died.

Earlier this week, Ramnath filed an affidavit in support of the Muslimeens. In it, he said there had been an amnesty signed by Acting President Emmanuel Carter "recommending a pardon for all Muslimeen members."

On Friday, Muslimeen spokesman Bilaal Abdullah Aissso filed an affidavit, saying that an amnesty was signed and copies given to all the hostages in the Red House. He said his amnesty was taken away when he and other Muslims surrendered unconditionally to the Armed Forces on August 1. In a similiar affidavit filed Thursday, Muslimeen leader Yasin Abu Bakr said "the amnesty is valid and has the force of the law."

The constitutional motion for the 114 Muslimeens was filed in the San Fernando High Court on Monday by attorney Farouk Hosein against Attorney General Anthony Smart and Director of Public Prosecutions Lionel Jones. It argues that "the courts do not have the standing to overthrow a pardon which constitutes a political decision by the president." Attorney Ramesh Lawrence-Maharaj is expected to lead the arguments on behalf of the Muslimeen in the San Fernando High Court on October 15.

El Salvador

FMLN Stresses Principles of 1979 Coup

PA1510201890 Mexico City NOTIMEX in Spanish 1854 GMT 15 Oct 90

[Text] San Salvador, 15 Oct (NOTIMEX)— The Salvadoran guerrillas today urged members of the Army to retake the principles of the young soldiers who overthrew General Carlos Humberto Romero's dictatorship through a coup d'etat in 1979.

In a communique, the Farabundo Marti National Liberation Front (FMLN) recognized that the proclamation of the young officers who overthrew Romero "is historic, legitimate, patriotic, and democratic."

The FMLN said that the coup movement failed due to lack of support from a majority of generals and colonels, who, after the rebellion, "replaced progressive soldiers and promoted a war in favor of the U.S. Government."

In its communique, the FMLN endorsed the "creation of a new military institution," and not the "total disintegration" of the Armed Forces, as it demanded at the last two meetings with President Alfredo Cristiani's government.

"Eleven years after that proclamation, the Army must decide whether it should continue to promote a war against the people or respond to national demands to put an end to impunity, purge, and create a new military institution," the FMLN communique stated.

Gen. Romero was overthrown on 15 October 1979 by a group of junior officers who proposed various modifications within the Army and transformations within the country's social and economic structures.

A civic-military junta was created after Romero's downfall. By December 1979, however, the most progressive civilians in the council had already resigned due to the repression unleashed against the emerging people's movement.

Guerrilla Commander Francisco Mena Sandoval, the FMLN's adviser for the dialogue, participated in the [1979] coup movement and defected from the Army to join the FMLN in January 1981, when the war escalated.

Urges Abandoning 'Militarism'

PA1510225190 Hamburg DPA in Spanish 2121 GMT 15 Oct 90

[Text] Mexico City, 15 Oct (DPA)—The Salvadoran guerrillas today urged the Salvadoran Armed Forces "to bid farewell to arms," put an end to militarism, and close ranks against "the corrupt high command."

On the occasion of the 11th anniversary of a coup d'etat carried out by young Salvadoran officers, the Farabundo Marti National Liberation Front [FMLN] today issued in Mexico City a manifesto urging the military to build a new security force and to yield power to civilians.

The document, which was read during a news conference by Francisco Mena Sandoval, a former captain who is now a rebel leader, states that the creation of a new security force must be carried out with the participation of "honest military men, all the sectors of society, and the FMLN."

The document states that the FMLN now is struggling "for democracy and the end of militarism," and calls for the construction of a society "where a military uniform does not signify permission to kill and steal."

Reiterating its proposal for the dissolution of both the government and the guerrilla armies, the FMLN document states that the progressive elimination of the two military forces "is the key to a future of peace and economic development in the country."

The rebel document charges that the Army is now under the control of "corrupt commanders who are killers," have turned El Salvador into "a kingdom of militarism and impunity," and have "sunk it into the mire of total economic, military, and political dependency on the U.S. Government and its interests."

During the news conference, Mena Sandoval said that "honest and progressive members of the Army," who are "concerned and understand the situation in El Salvador," will view the manifesto positively.

Former Major Pedro Antonio Guardado Escobar, who has also joined the FMLN, has warned that the rebels have "the obligation and the responsibility" to prepare to carry out new military offensives as long as FMLN-government negotiations on ending the armed conflict are making no progress.

The two rebel leaders stated that the FMLN's military strategy will not be changed because of the 50-percent reduction in U.S. military aid to the Salvadoran Government. They noted that the guerrillas will continue their military activities as long as there is no "political decision" by Washington to resolve the conflict through negotiations.

Pacas Views Presidents' Declaration, OAS

PA1610042590 San Salvador Domestic Service in Spanish 2130 GMT 10 Oct 90

[News conference by Foreign Minister Manuel Pacas Castro with unidentified reporters in San Salvador; date not given—live or recorded]

[Excerpt] [Pacas] Good afternoon, friends; I have called a news conference this afternoon for two main reasons: First, we want to report the declaration made by the Central American presidents, which was released to the public yesterday in Costa Rica. The text is as follows:

Central American Presidents' Declaration

We, the presidents of Costa Rica, Guatemala, Honduras, and Nicaragua, concerned over the Salvadoran conflict that continues to endanger Central American peace and security, are pleased to give our support to Salvadoran President Alfredo Cristiani's proposal. This proposal decrees a unilateral government cease-fire to become effective as soon as the FMLN [Farabundo Marti National Liberation Front] does likewise. In accordance with the positions taken up at the presidential meetings held in Tela, Honduras; San Isidro de Coronado, Costa Rica; Motelimar, Nicaragua; and Antigua, Guatemala, we reiterate our demands to the FMLN to decide as quickly as possible on a unilateral cease-fire and thus create an environment that favors a peaceful and democratic solution to the Salvadoran conflict.

[Signed] Costa Rican President Rafael Angel Calderon Fournier, Guatemalan President Marco Vinicio Cerezo Arevalo, Honduran President Rafael Leonardo Callejas, and Nicaraguan President Violeta Barrios de Chamorro.

Also, today, Mr. Ricardo Yiboa, personal representative of the OAS secretary general, visited our country and gave me a letter in which the OAS formally accepts the invitation I made there on 14 September for their observers to attend our elections in March. The secretary general's letter says: I have taken the necessary steps to gather a group of international observers, whose mission will be to verify the Salvadoran elections throughout the country in accordance with current Salvadoran law and procedures.

As you all know, when I addressed the OAS Permanent Council I issued the invitation, following an initiative by the political parties for the upcoming March elections to be observed in full by both the OAS and by the United Nations. The invitation to the United Nations was made during President Cristiani's speech there.

The first news item is particularly encouraging because we see there is ever-increasing international support for Salvadoran Government initiatives that create a more favorable atmosphere for peace talks with the FMLN. U.S. Government representative Joe Sullivan and Soviet representative Mr. Pavlov also spoke in this vein at a recent meeting held in San Jose, Costa Rica. Pavlov said: We support the Salvadoran dialogue, and the Soviets' task is to create favorable conditions for this and not to stop the dialogue.

We also believe that an end to armed clashes in El Salvador, unilaterally decreed by both sides, would create an appropiate atmosphere for peace and would gradually build a better environment to attain national reconciliation. This is everyone's yearning and will allow us to live in conditions of peace and freedom in the future.

These were the main reasons for this afternoon's invitation. If you have any questions we will gladly try to answer them.

[Reporter] Regarding the last topic discussed, what type of OAS observers would come? Would they come before elections so they could observe the registration process?

[Pacas] As the letter from OAS Secretary General Baena Soares' letter says, he has already taken the initial steps, beginning with the presence in our country of Mr. Yiboa, who will meet with the Central Electoral Council members to acquaint himself with the registration process. As you all know, the electoral campaign has not begun yet. The international organizations obviously do not have a specific budget for these types of events. They first need to carry out field studies to see what the needs are, and then to approach the donor countries to secure the required funds to put all the mechanisms to work. The OAS mechanism, as I have told you, has already been put in motion. The OAS gained much experience in its very active role in the Nicaraguan elections.

This also serves to confirm the Salvadoran Government's willingness and the commitment made by the Inter-Party Comission to invite the OAS and the United Nations to observe all stages of the electoral process. First, they would observe the registration process, and then the March elections—once the Central Election Council has called for them.

[Reporter] Mr. Foreign Minister, is our government represented at the meeting being held in Costa Rica where there are U.S., Soviet, and Central American government representatives?

[Pacas] No, officially we have no representation there. We understand there are a couple of Salvadoran politicians who were invited, but officially we have no representation at this meeting. Our ambassador has been attending, but we are not officially taking part.

[Reporter] Mr. Minister, does the Salvadoran Government plan to issue a statement on its position on the decisions made at the Socialist International meeting held recently in New York, at which Dr. Guillermo Manuel Ungo was present? The meeting dealt with human rights in El Salvador.

[Pacas] I honestly do not know what was discussed at the meeting, thus I cannot comment on this. I would be glad to comment as soon as I receive information on it.

[Reporter] Despite these resolutions favoring the Salvadoran Government, there are reports like the one made by the Socialist International. There is also a commission of Spanish deputies coming to El Salvador to investigate the death of the Spanish woman as well as the Jesuits' case. How can this be interpreted in connection with Salvadoran foreign affairs?

[Pacas] I really cannot see any problem or conflict. The truth is that we are completely open to investigation. We recently gave all sorts of information on our country to a commission of parliamentarians from the Netherlands. The same would, therefore, apply if representatives from Spain or from any other friendly government were to

come. We would try to give them the information they may need regarding the country's human rights situation or on any other topic.

We have already said that as far as the Salvadoran Government is concerned the agreement with the FMLN is for immediate implementation. [passage omitted]

Guatemala

Court Rejects Rios Montt's Protection Request

PA1610034690 Guatemala City EL GRAFICO in Spanish 13 Oct 90 p 4

[Report by Arnoldo Cruz and Leonel Gutierrez]

[Excerpts] Guatemala City, 13 Oct—The Supreme Court of Justice today ruled on two protection requests. Supreme Court President Justice Edmundo Vasquez Martinez explained the rulings, which turned down pleas from the coalition—formed by the Institutional Democratic Party, the National Unity Front, and the Guatemalan Republican Front—as well as pleas by citizens Efrain Rios Montt and Harris Howell Thadeus Whitbeck Pinol.

Justice Vasquez Martinez made the official announcement on the rulings during a news conference held at noon yesterday. For these rulings, the Supreme Court acted as a special protection court, as EL GRAFICO reports in today's issue. [passage omitted]

If these rulings are appealed, the procedures to be followed by the Constitutional Court are simple: a date will be set for the hearing and then for the sentencing.

Justice Vasquez Martinez told journalists that "if there is an appeal, the Constitutional Court's ruling will be final, and if there is no appeal, these rulings are final." [passage omitted]

Rios Montt Says Candidacy 'Firm'

PA1610044990 Guatemala City PRENSA LIBRE in Spanish 13 Oct 90 p 4

[Text] General Jose Efrain Rios Montt said on the night of 12 October that his presidential candidacy is still firm because it is registered at the Citizens Registry. He added that he will insist on his legal participation in the 11 November elections.

These were Rios Montt's comments on the rejection by the Supreme Court of Justice [CSJ] to the appeal filed by Oscar Humberto Rivas, No-Sellout Platform attorney.

Rios Montt said that he will continue the legal battle to seek his registration and that "this is a legal process and we will reach the Presidency."

Rios Montt added that he will present a revision and elaboration writ before the CSJ, then if need be before the Constitutionality Court, and, finally, before the Inter-American Human Rights Court.

He said that he has faith in the law, and added: "I am within the law and thus have 24 hours to file the writ I mentioned."

Rios Montt also said that both Edmundo Vasquez Martinez and Zachrisson deserve a statue called Guatemala because they both abstained, the former at the CSJ and the latter at the Constitutionality Court.

[In a followup report, Guatemala City SIGLO VEINTIUNO in Spanish on page 3 of its 14 October edition states the following: "General Efrain Rios Montt and the political parties that form the No-Sellout Platform filed on 13 October at 1940 GMT a revision and elaboration writ on the CSJ's ruling of 12 October, which denied the amparo requested by the former president. Rios Montt's spokesman, Juan Callejas, explained that the No-Sellout Platform filed the elaboration and elaboration writ because they believe that there is a contradiction in the final ruling."]

Honduras

Carias Views U.S., Soviet Ties, Fonseca Gulf

PA1510025790 Tegucigalpa Televisora Hondurena in Spanish 0300 GMT 9 Oct 90

[Interview with Foreign Minister Mario Carias Zapata by reporters Carlos Rios and Edgardo Melgar during the "Topics and News" program in Tegucigalpa; date not given—live or recorded]

[Excerpt] [Rios] Edgardo Melgar, and I welcome you to today's "Topics and News" program.

[Carias] You are very kind. Thank you very much for giving me the opportunity to address the Honduran people tonight to explain some of the ideas we have tried to develop at the Honduran Foreign Ministry during the current presidential term.

[Melgar] Good evening to our distinguished guest and to all of you tonight. We are very pleased that you are all watching this program. The topic we would like to discuss to start off the week is foreign policy. We will discuss a wide variety of aspects on this topic tonight with our guest, as Carlos Rios has already pointed out. We will talk with Mario Carias Zapata about the Central American peace process, the demilitarization of the area, the new relations with the Soviet Union, and many other issues. Remember that you can participate in the Topics and News program by dialing 32-6064. You can start calling in as of right now.

[Rios] Under what terms have we begun relations with the Soviet Union, Mr. Foreign Minister?

[Carias] The opening of relations with the Soviet Union is based on a study we have been conducting virtually since the beginning of the administration of President Callejas. We took into account the atmosphere of detente that prevails around the world. The Soviet Union has

made a great effort to move closer to the Western world to the extent that we can say the era of the cold war is over. We are beginning a new period of international relations, which could become very fruitful with the various means of cooperation upon which we may agree.

As for Honduras, it is important to realize that, in our opinion, the Soviet Union has begun to play a positive role in the Central American peace process. The Soviet Union has expressed its support for the Esquipulas agreement and has also played an important role in promoting respect for the results of the Nicaraguan elections. Similarly, we believe that the Soviet Union could now contribute toward the peace process in El Salvador—that is, as far as politics are concerned. Regarding trade and economic issues, Honduras would have opportunities for trade that could benefit both countries. Honduras could start selling products to the Soviet Union and could purchase certain Soviet products.

[Melgar] What can you tell us about trade between the two nations? What can you tell us about the import-export situation?

[Carias] Concerning exports, we are talking about traditional Honduran exports, such as bananas. We could then assess the Soviet and Eastern European markets to try to sell products such as coffee, tobacco, etc. As for imports, there are buses, electric appliances, tractors, etc.

[Rios] Mr. Foreign Minister, we have [word indistinct] picture that we will try to show right now of the ceremony during which, I believe, Mr. Eduard Shevardnadze signed the agreement or treaty....

[Carias, interrupting] It is a picture of when we signed a joint communique with Soviet Foreign Minister Eduard Shevardnadze. President Callejas, members of the Honduran delegation, and high-ranking Soviet officials attended that ceremony. This communique was signed at UN headquarters on 30 September.

[Melgar] Mr. Foreign Minister, were the talks with the Soviet Union planned before this year or were they scheduled this year?

[Carias] As in many other foreign policy fields, we decided that this year it was important for us to obtain specific results concerning our foreign policy plans. In a certain way we accelerated the process of negotiations. We made significant progress thanks to the visit of the Soviet ambassador to Nicaragua to our country in July. After that, we decided to sign the communique establishing relations between the two countries during the UN General Assembly.

[Rios] When were these relations established?

[Carias] As I told you, within the three months ending on 30 September and after the two governments agreed on a joint communique according to which the two countries would shortly designate nonresident ambassadors. That is to say, no embassies will be opened in either Moscow or Tegucigalpa, but the ambassadors in other capitals would act as such in Honduras and Moscow. Consequently, they will be roving ambassadors.

[Melgar] There is a Soviet ambassador in Nicaragua and Costa Rica. Would they carry out the negotiations?

[Carias] The Soviet ambassador to Nicaragua would probably represent the Soviet Union in our country.

[Rios] Past Honduran governments have charged the Soviet Union with intervening in Central America, specifically in Nicaragua and El Salvador, to destabilize democratic processes in the area. Some people say that the current government has also filed this charge. Has this problem been resolved?

[Carias] To a great extent, yes. Our analyses lead us to the conclusion that the Soviet Union has changed. The atmosphere of international detente has been evolving, and the Soviet Union has said that it wants to contribute to peace in Central America, including El Salvador, which is experiencing the only serious problem still to be resolved: the Salvadoran civil war. We believe that the Soviet Union can play a positive role in this regard. We know, however, that rebel groups have much autonomy and, because of this, countries confronting insurgent groups have to establish dialogues with those groups.

[Melgar] What about Cuba? Does it have any sway in relations with the Soviet Union?

[Carias] Cuba is undoubtedly another important factor in Central America. The Soviet Union is already breaking its links with the Cuban situation. It has been progressively reducing its military and economic aid to Cuba and is in favor of Cuba and its neighbors—this includes us—beginning an era of better coexistence.

I want to point out that Honduras' policy toward Cuba will not go as far as establishing diplomatic relations. We do believe, however, that Honduras and the other Caribbean countries, Cuba included, should be able to live in our natural environment without confrontation.

We think, however, that Latin American countries that have traditionally held relations with Cuba, such as Mexico, Venezuela, and Ecuador, should talk with the Cuban authorities to try to bring the Cuban system closer to the democratic inter-American system—a system that fortunately has been democratized in the past two years—so as to have peaceful coexistence and a future of cooperation in the area.

[Rios] Does this mean that there are no plans to establish relations with countries that practiced the socialist system?

[Carias] Honduras has always maintained relations with Poland, Czechoslovakia, Hungary, Romania, and Yugoslavia. We did not have ambassadors accredited there, though. Taking into consideration the notable democratic evolution in those countries—for example, the GDR no longer exists—we are going to appoint in situ

ambassadors, and we are going to strengthen our relations with the former socialist Europe.

[Melgar] Is the atmosphere in favor of opening relations with Cuba?

[Carias] No. This is what I was telling you.

[Melgar] Simply no?

[Carias] We are not going for diplomatic or official relations with Cuba. We maintain a dialogue at the level of the United Nations where all nations talk, and we try to promote relations, be it at the level of congress representatives or sports representatives, because we believe that something has to be done in this decade to eliminate one of the most serious problems of the cold war period that followed the past two wars.

[Rios] Could there be relations with Cuba if there is agreement in that regard?

[Carias] There could be once the current Cuban regime moves closer to the American democracies.

[Melgar] Did you discuss the Salvadoran problem with the representatives of the Soviet Government?

[Carias] We discussed the Central American problems in general. Regarding the problem of El Salvador, the Soviet Union supports the dialogue between the guerrillas and the Salvadoran Government. I think the Soviets have already appointed a delegate to visit San Salvador, which means they view the government of Salvadoran President Alfredo Cristiani as legitimate. This is important as a starting point. We think that the Salvadorans should be able to produce the beginning of a solution this year—a cease-fire if possible—because their situation is the only obstacle to an economic agreement that would permit us to further develop in the future.

[Rios] Mr. Foreign Minister, do you think the Soviet Union or Cuba is meddling in the Salvadoran situation?

[Carias] I believe that the Soviet Union is no longer participating, if it ever did in recent times. I believe it is not supporting the rebels. The case of Cuba is different. Cuba has always proclaimed itself in solidarity with the Farabundo Marti National Liberation Front [FMLN], and we believe that Cuba maintains this position.

[Melgar] Why do you think that there is no solution to the Salvadoran problem?

[Carias] I believe there will be a solution.

[Melgar] Why does it not come through?

[Carias] The FMLN has maintained its stand that the armed conflict has to continue because it does not acknowledge the legitimacy of the Salvadoran governments that have emerged from the will of the Salvadoran people as expressed at the voting booths. We believe that it is the rebels who have to go to the negotiating table to seek a cease-fire and build peace. El Salvador may have to do something similar to what was done in Nicaragua, when, following the disarmament and the demobilization of the contras with the supervision of the UN Observer Group in Central America [ONUCA], the Nicaraguan people initiated a phase of national reconciliation. This will have to be done in El Salvador in phases. It is important that the political sides talk and that the war ends.

[Rios] Mr. Foreign Minister, according to the Honduran Armed Forces, the shipment of arms from Nicaragua to El Salvador is continuing.

[Carias] That is right. In Honduras we have detected arms shipments coming from the south. In one case we do not know if the arms were loaded in Nicaragua or in Costa Rica. This is a source of concern. The UN observation forces have a role to play in this regard. They can play a dissuading role and contribute to stopping the arms buildup in the region.

[Rios] Has ONUCA worked well in the case of Nicaragua?

[Carias] In the cases of Nicaragua and Honduras it worked very well. The Honduran Government acted in favor of the Toncontin Agreement to immobilize the contras, and the government of President Callejas insisted that the contras had to return to Nicaragua. ONUCA took it from there and guaranteed the disarmament of the forces in Nicaragua.

[Melgar] There is still a strong UN presence in our country. What role are the UN representatives playing in Honduras?

[Carias] They are engaged in what is called the fourth phase. This phase calls for their deployment to the Honduran-Salvadoran border. As I said earlier, we hope that once there is a cease-fire in El Salvador, the UN representatives will also play a positive role in that country.

[Rios] Mr. Foreign Minister, has Soviet meddling in Central America come to an end?

[Carias] As I said earlier, we think that it has ended. This is what the Soviet Union said. The only possible doubt is the shipment of arms to El Salvador. We now know, however, that the guerrillas and a certain international network that supports the guerrilla movements have a certain autonomy. The Soviet Union decreased its shipment of arms to Sandinist Nicaragua a long time before the elections were held. The Soviets also called for respecting the election results in Nicaragua. We believe the Soviet Union is prepared to back a political solution in El Salvador and the reconciliation of the Salvadoran people.

[Melgar] How does the United States view this establishment of relations between Honduras and the Soviet Union?

[Carias] I believe the United States is fully aware of the fact that in today's modern world there are different ways of adopting decisions. The countries have autonomy to do that. Our government is exercising its foreign policy rights just like other friendly countries do. We periodically report our foreign policy objectives. This we have done for the United States. As far as I know, the United States has not objected to this Honduran initiative.

[Rios] Is there direct or discreet U.S. support for the Honduran initiative?

[Carias] I think they have said they have no objection, that they do not see any problem. I do not think they have been very outspoken in this regard, so I would call it discreet support.

[Rios] Considering changes in Eastern Europe, Central America and Honduras are now less important to the United States. For this reason, the money, the economic aid, will be going to that part of Europe. Does Honduras, therefore, find itself forced to look to Europe for support?

[Carias] Your question contains three elements that are very important. At the end of last year, the United States and Western Europe were surprised by the changing situation in Eastern Europe with the downing of the Berlin Wall and the successive transformation of Eastern European states into emerging democracies. The turnabout to a market economy and political democracy is being gradually but irreversibly consolidated. Those European countries are culturally connected to the United States and the rest of Europe and have been able to get much sympathy and, along with this, promises of credits, of technological assistance, and of commercial and investment possibilities. This has been interpreted in Latin America as a factor that could take attention away from this region. We have noticed, however, that the United States and Western Europe know that Latin America is a factor that contributes to their prosperity, and this is why there is this Bush initiative for a common market—a free trade zone—in the Americas.

This is why Western Europe, in spite of its obligations to Eastern Europe, maintains its interest in Central America and Latin America. This is why we have to clearly realize that in international matters it is important for Honduras to be competitive in producing and exporting. We also want to maintain multilateral relations, and not to concentrate on one single country.

[Rios] Then we can say that the United States firmly supports Central America and Honduras, in spite of the fact that the billion dollar credit lines are aimed at Europe.

[Carias] The United States maintains, I believe, its commitments with Central America. This is true for Panama and Nicaragua. The United States has notably helped Honduras secure a stopgap loan and has supported its efforts to secure fresh credits from multinational development sources. As for the foreign aid program, the United States is quite constrained by its domestic fiscal pressures. Hence, we do not know what the U.S. aid for the coming year will be.

[Melgar] Will this plan provide a broader opening than that of the Caribbean Basin?

[Carias] I believe that it will place us in a better position regarding the United States. The Caribbean Basin offered certain benefits which we did not know how to take advantage of. The eventual benefits of the Bush initiative, the risk implied for Honduras and Central America, is that many of the benefits which were concentrated before in the Caribbean countries will be diluted and offered to South American countries. Honduras—this is how we in the government envisage it—is, however, part of the Caribbean Basin, of the vast area composed of the United States, Canada, the Caribbean Islands, Mexico, Colombia, Venezuela, and Central America. Based on that, in the coming years we want to build projects of integration and trade that will facilitate a financial flow and also help establish specific projects in Honduras.

[Rios] Has Honduras taken advantage of the Caribbean Basin?

[Carias] I believe it has, although not sufficiently. I have been told that much of that was due to technical deficiencies in the country's economic structure. Our country got deeper in debt and its production did not yield the expected results at any given moment.

[Melgar] Mr. Foreign Minister, do you think it is advisable that our Central American countries, basically of weak economy, should be integrated into a Bush plan or initiative, before first joining a Central American integration which might turn our economy into a solid economy at Central American or at regional level?

[Carias] What has happened is that there has been a complete turnaround in the thinking of the seventies, when efforts were made to protect the economies and start developing national industries. The economic perfection of modern times is that there must be growth abroad with import industries. Where we have competitive industries, as in the case of bananas, coffee, sugar, lumber, and shrimp, Honduras will continue to make an effort to place more of these products in international markets.

[Rios] Then can Honduras go directly to the Bush plan, or does Central America have to join the Bush plan?

[Carias] We would deem it too early to reach an agreement with the United States so as to benefit from the initial results of the Bush plan, but we do not rule out the possibility of achieving integration at Central American level.

[Melgar] But we are joining it unilaterally first of all?

[Carias] Not the United States, because the U.S. Government deliberately has not made a firm proposal on what the Bush plan should be. In addition to the trade component, it also has components for the reconversion of the debt and investments, above all, in environmental projects.

[Rios] Mr. Foreign Minister, regarding the topic of the Soviet Union, do you think that this opening of commercial and diplomatic relations would have not been possible without the perestroyka-style winds of change?

[Carias] It is possible, it is possible. I must admit that this has been a two-way avenue and that the Soviet opening has greatly facilitated our entering into relations with them.

[Rios] Otherwise it would not have been possible?

[Carias] It also depends on the given circumstances. It is very difficult to speak hypothetically. We, as President Callejas has said since the last electoral campaign, have been oriented to seeking an opening where Honduran interests will be safeguarded. In that sense, we are open to dialogue with many countries, but always considering the circumstances of the moment when they are negotiated.

[Melgar] Apart from the Bush initiative, what have you to say about the commitments with the EEC?

[Carias] The EEC has greatly supported Central America, particularly Honduras. In addition to the great effort that we politicians have made to underline the importance of integration, this year's main program facilitates intraregional trade. Europe is a great example and motivation for the Central American peoples.

[Rios] Is a common market necessary for Honduras to join the EEC?

[Carias] No, to tell the truth, all of the developing countries that are not members of the Lome Agreement have virtually the same access to the EEC. The current problem for 1992 is mainly that of bananas, which were exported to Germany under a tax free quota. For 1992, however, there will be a single market and a certain degree of risk that a tariff on bananas will be imposed on us.

Regarding Central America, we in the region must unite because the peoples communicate with each other daily. You are all aware that people go back and forth across the Nicaraguan-Honduran border with goods. There is smuggling also, as at other borders. When the price of a product is lower on one side, the demand increases, and this creates a shortage in the producing country. The Central American countries must have a common economic and commercial policy and act as a whole.

[Melgar] Mr. Foreign Minister, what is the Honduran Government's policy on Panama? Has the government of Guillermo Endara been recognized?

[Carias] Yes, yes, it has been recognized. In addition, we raised the status of our diplomatic representative from that of charge d'affaires to that of ambassador. We will soon have a Panamanian ambassador to Tegucigalpa. We believe that the December events are regrettable. We must keep in mind, however, that the movement that upheld and still upholds President Endara had legitimized him in elections which General Noriega dismissed at that time, defeating the people's will.

[Rios] Regarding the conflict with El Salvador, has the agreement to leave everything in the hands of the International Court of Justice [ICJ] at The Hague been complied with?

[Carias] I wish to confirm that everything possible has been done to present at The Hague all of the documents that Honduras has been preparing virtually since early in the century through Antonio Vallejos. In a continued effort, we will present at The Hague between 500 and 600 documents, including colonial and republican, duly translated into the Court's working language, and with the necessary legal arguments.

According to the deadline stipulated, the hearing will start on 3 April and will last between six and eight weeks. Honduras will present its case first, but the Court's room that will hear the case has ruled that the discussion should not be limited to a single topic, particularly the border issue, but that it should also deal with general matters, such as land, the Gulf of Fonseca, the islands, and the eventual delimitations on the Pacific Ocean. So the date for the final stage of the trial has been set. A sentence will have been passed by late next year.

[Melgar] Mr. Foreign Minister, to illustrate to us and the people watching this program tonight, can you identify the zones in dispute at the ICJ?

[Carias] Yes. As you will remember, the General Peace Treaty delimited two-thirds of the land border. Several areas, called areas in dispute, remained to be clarified. One of these areas lies west of Ocotepeque [words indistinct]. Then there is the Cayahuanca zone, the Zapalapa-La Virtud sector in Gracias a Dios Department, the Naguaterique-Colomoncagua sector, the Dolores zone, and the mouth of the Guascoran River.

[Melgar] Is the most controversial area that of the island and cays in the Fonseca Gulf?

[Carias] Everything has a special connotation, because in the previous century as well as in recent times, Honduras has placed great emphasis on its borders and the defense of the territorial rights of the Colomoncagua people and the Honduran State in the Guascoran and La Virtud areas. Consequently, the entire area is important.

[Rios] How does the Foreign Ministry view the problem with Nicaragua?

[Carias] Nicaragua, which also has a border in the Fonseca Gulf, tried to intervene in a somewhat ambiguous way, but the Court did not accept its proposal calling for a reselection of the judges assigned to the case and an extension of the deadline for the presentation of

documents. The Court granted Nicaragua permission to give its view on the legal status of the water areas, because there is a ruling issued by the Central American Judicial Court in 1917 and the ICJ wants to hear the opinion of the three countries involved.

[Melgar] Are diplomatic relations with El Salvador [word indistinct]?

[Carias] Yes.

[Melgar] Diplomatic relations in the Gulf of Fonseca, however, are not too friendly.

[Carias] We have experienced an increase in border incidents in the Gulf of Fonseca in the past two years. El Salvador believes in the thesis of joint ownership, which sometimes leads it to sponsor or tolerate the activities of Salvadoran fishermen in the central part of the Gulf, which according to Honduras is under exclusive Honduran jurisdiction. These actions cause incidents.

We have also had incidents with Nicaragua, the most recent one of which occurred on 4 October when Nicaraguan boats entered an area Honduras feels is under its jurisdiction. Consequently, this resulted in an incident. In both cases, however, the idea is to avoid bigger conflicts, conflicts that may prompt an armed incident. We need communications mechanisms between the parties, and, with respect to Nicaragua, we recently formed a joint maritime matters commission to solve these problems.

[Rios] Have agreements to leave everything in ICJ hands been respected?

[Carias] In the Salvadoran case, the ICJ has to hear all the problems involved. There is a difference as to the interpretation of what is expected from the court regarding demarcations. The Foreign Ministry intends to begin a series of informative sessions. This will probably be done in 15 days when lawyer Ramon Balladares Soto, our representative at the ICJ, arrives in Honduras. We want to give the greatest possible information, the necessary documents, and the summary of the information on the position of the parties involved.

[Rios] But the agreements are being respected?

[Carias] Yes. All the agreements were submitted to the court. Regarding the Salvadoran case, it has been said that we will respect...

[Melgar, interrupting] Are not these military confrontations in the Gulf of Fonseca violations of the peace agreements?

[Carias] It could be said that there is no need to have confrontations, but the problem is that it is a small gulf, and one must not forget that sometimes there are certain economic and human needs. There are also Honduran fishermen who try to go to Nicaragua, and this has resulted in incidents.

[Rios] There is a heavy presence of weapons, however, in the area shared by the three countries. Is there an order to shoot?

[Carias] On the contrary, they must avoid an armed incident.

[Melgar] Now we have questions from our television viewers, who are calling 32-6064. Ricardo Lucial wants to know how long ONUCA members will be in Honduras and who pays them.

[Carias] The observer group is paid by the United Nations. They will be moving toward the area that still has problems—that is, the border between Honduras and El Salvador. The time they will spend there has not been determined yet. I feel they should stay several months more until the pacification task is completed.

[Rios] Why are not the Gulf islands given the importance they deserve?

[Carias] I believe that we are giving them the importance they deserve. I think that economic investments must be made, but that has been at a standstill because the legal situation of the waters has not been established yet. With an ICJ ruling, however, we will be able to develop the Gulf area. We must not forget that it is an area in which we must also help our neighbors. [passage omitted]

Armed Forces Announce Changes in Command

PA1610021790 Hamburg DPA in Spanish 0029 GMT 12 Oct 90

[Text] Tegucigalpa, 11 Oct (DPA)—At noon on 11 October the Honduran Armed Forces announced a series of changes of command and rotations at various units throughout the country, describing them as routine.

The officers who were withdrawn from troop command posts are Colonel Mario Amaya Amaya of the 115th Infantry Brigade based in the eastern Olancho Department, and Colonel Erick Sanchez Sanchez who was chief of ground troop operations and training.

Colonel Hector Rene Fonseca, who was chief of the 105th Infantry Brigade based in the northern Cortes Department, is now the Army operations chief.

Colonel Julio Pavon Rodriguez has been designated commander of the 105th Infantry Brigade, and Colonel Luis Alfonso Valderramos Molina is the new commander of the 115th Infantry Brigade.

Colonel Mario Raul Hung Pacheco is now chief of staff of the Public Security Force (Honduran Police), while Colonel Oscar Fuentes Delgado has been designated commander of the 4th Infantry Battalion based in Atlantida Department in the Caribbean area, and Colonel Carlos Sanabria Oyuela is the new chief of the distinguished 1st Infantry Battalion.

Many local newspapers have said that the departures of Colonels Amaya Amaya and Sanchez Sanchez constitute

a "purging" of the institution because the official communique states that they have been designated as "officers ascribed to the Armed Forces Headquarters," the language usually used to identify officers who are removed from their posts and not given new positions.

Nicaragua

Decree on Creation of Agrarian Commission

PA1510225290 Managua Domestic Service in Spanish 1552 GMT 15 Oct 90

[Decree No. 5090 issued by President Violeta Chamorro in Managua on 12 October—read by announcer]

[Text] The president of the Republic announces the creation of the National Agrarian Commission.

Whereas:

1. All Nicaraguans greet with joy the end of the war and the return of peace to the land;

2. Due to the end of the war and following the disarmament of the Nicaraguan Resistance members, the demobilized rebels are returning to their homes to restart a normal life and resume farming;

3. The National Salvation government is concerned with the orderly return, not only of those who have been demobilized, but of all other agricultural workers who were displaced by the war;

4. To satisfy this requirement, arable land is needed, as well as the redistribution of land allotted to inoperable cooperatives;

5. Illegal land takeovers that have been taking place are an affront to peace and create anarchy and insecurity in the fields, which affects agricultural and cattle production vital for the country's economic revitalization;

6. It has become necessary to coordinate efforts of all sectors and institutions directly linked to the problem of Nicaraguan agriculture, to study this situation and issue opinions and recommendations.

Therefore, and in exercise of the authority bestowed by the Constitution, the president decrees:

1. The creation of the National Agrarian Commission, which will be placed under the authority of the minister of the Presidency, as a consultative organization for the Presidency of the Republic. The commission will operate according to the guidelines stated herewith and subject to the authority established by the current law.

2. The administration and representation of the commission will be entrusted to a directorate council that will be comprised as follows: It will be chaired by the minister of the Presidency, or his delegate, and will include the minister of government, or his delegate; the minister of agriculture and livestock, or his delegate; the commander in chief of the Sandinist People's Army and his delegate [as heard]; the director of the National Institute for Agrarian Reform, or his delegate; the director of the Nicaraguan Institute of Natural Resources and Ecology, or his delegate; the chairman of the general board of the National Private Sector Corporations, or his delegate; a representative of the National Farmers and Cattlemen's Union; a representative of the demobilized Nicaraguan Resistance; a representative of the Agricultural and Livestock Producers Union of Nicaragua; a representative of the Association of Agricultural Workers; a representative of the Workers' Permanent Congress; and an adviser on agrarian issues who has worked with the previous government and who is closely linked with the current regime's agrarian reforms. The adviser will be appointed by the minister of the Presidency.

The directorate council will be able, if it so desires, to appoint an executive secretary and grant him the authority it considers appropriate.

3. The commission's foremost role will be to study the different problems and tensions which may arise in the Nicaraguan countryside, particularly those which may threaten the peace and stability achieved in the nation; and to present a report to the Presidency of the Republic, including its recommendations on the actions that should be taken and on the policies and activities that should be carried out by the various state agencies involved with the agricultural sector. The commission is authorized to adopt the necessary measures and seek support from other government agencies to fulfill this goal. Those agencies will have the duty of supplying the information and aid that may be requested.

4. The commission will call for a session when it is considered appropriate and the call for a session will be issued by the president. (?The quorum) will be established by the majority of its members and the resolutions will be adopted by consensus.

5. The stipulations included in this decree are intended as guidelines and they must not be interpreted as attempts to undermine the authority and rights which correspond to other state agencies.

6. The current decree will become effective on the date of its publication in the official newspaper LA GACETA.

Issued in Managua at the Presidential House on 12 October 1990.

[Signed] Violeta Barrios de Chamorro,

President of the Republic of Nicaragua.

Information and Press Directorate,

Presidency of the Republic.

FNT Refuses To Return to Negotiating Table

PA1510185790 Managua Radio Sandino in Spanish 1200 GMT 15 Oct 90

[Report on interview with National Workers' Front leader Lucio Jimenez by unidentified reporter; place and date not given]

[Text] National Workers' Front [FNT] leader Lucio Jimenez this morning confirmed that his organization will not rejoin the government-sponsored national dialogue. Over the weekend, worker sectors were asked, but rejected returning until the government changes its attitude about taking steps that will cause thousands of workers to lose their jobs, Jimenez said. The labor leader said that the workers never had any faith in the dialogue and that they will demand continuation of the struggle in their own interest. Now we will hear FNT Secretary General Lucio Jimenez:

[Begin recording] [Jimenez] [Passage indistinct] The government has no credibility. The people believe that the issues are becoming politicized. The government must first create minimum conditions before we return to the negotiating table.

[Reporter] With which sectors did you consult?

[Jimenez] Mainly the industrial sector and others who are affected by the economic measures. Unless the government changes its policies, the entire industrial sector is likely to collapse. Not only are we talking about 15,000 or 30,000 government workers, but the massive closure of businesses due to policies already in effect and those policies still to come. We have heard from our fellow workers that the frequently mentioned liberalization policies the government is trying to impose on us, which they call (?deregulation) is nothing but allowing in foreign businesses, which is detrimental [words indistinct] The industries were already obsolete when we received them.

[Reporters] What risks does the FNT run by not rejoining the national dialogue this week?

[Jimenez] This is up to the government. The government made it appear as if a consensus was reached. It was simply a scheme to impose its economic plan on us. If the government insists on imposing its economic plan, then there is nothing left to discuss. If, to the contrary, the government agrees to discuss its economic plan, if the government agrees to set aside its policy of dismissing 15,000 government workers and the mass closing of businesses, then we can talk. Otherwise, I do not see what we would be doing at the meetings. [end recording]

Cuadra Bomb Investigation Yields 'No Progress'

PA1610000090 Managua Radio Sandino in Spanish 1203 GMT 15 Oct 90

[Text] More than 24 hours after the explosion of a powerful bomb at the house of Jaime Cuadra, government delegate in the 6th Region, there is still no progress in the investigation to determine the identities and whereabouts of those responsible. Several expert teams of the Matagalpa police are working on the case, Commander Sergio Gomez, regional chief of police, reported. While some sources said that several suspects have been detained, the Government Ministry declined to confirm this report. The bomb exploded in Cuadra's home in the predawn hours on Sunday and destroyed his garage. The eight people in the house, including the regional delegate, were unhurt.

Political and social sectors in the 6th Region have criticized Cuadra for several weeks, holding him responsible for encouraging the demobilized contras to take over lands occupied by cooperatives. In addition, he has been accused of instigating the Waslala and San Ramon incidents, where several people were killed.

Drought Causes Loss of Half of Corn Crop

PA1610010590 Managua Radio Sandino in Spanish 1208 GMT 15 Oct 90

[Report on interview with Agriculture Minster Rodolfo Rondon Sacasa by unidentified reporter; place and date not given]

[Text] Agriculture Minister Rodolfo Rondon Sacasa has reported that the drought in Nicaragua has resulted in a 50-percent loss in the corn crop. The production of coffee was also affected. This is Minister Rondon:

[Begin recording] [Rondon] Fifty percent of the corn crop, a basic grain, has been lost to the drought. Of (?225,000) manzanas of land planted with corn, (?56,000) were devastated. These are overall figures. In addition, the yield from the rest of the planted land will be greatly reduced for lack of rain. Of the 5 million quintals we expected to harvest, we will barely harvest 2.5 million. [Passage indistinct] A large number of peasants lost their crops and were left in utter poverty. The government has set up an assistance program for them. [Passage indistinct]

The area of land planted with cotton increased by 30 percent over last year's area. Although the crop was threatened by the drought, we still expect to have a good crop. [Passage indistinct] Last year, 48,000 manzanas of land were planted with cotton. This year, we planted 66,600 manzanas. As for the coffee, we expect to experience a reduction of 160,000 quintals in production. While we harvested 920,000 quintals last year, we expect some (?850,000) quintals this year. This situation was also caused by lack of rain.

[Reporter] How much will the country receive from exports this year?

[Rondon] We have not made precise calculations. We received (?200) million [currency unit not specified] from exports last year and expect this figure to increase this year [words indistinct] because the price of cotton, coffee, and meat is higher than last year. [Passage indistinct] [end recording]

Two Wounded in Attack by Honduran Fishermen

PA1610010990 Panama City ACAN in Spanish 2341 GMT 15 Oct 90

[Text] Managua, 15 Oct (ACAN-EFE)—A Defense Ministry spokesman confirmed today that two Sandinist Navy officers were seriously wounded during an armed attack by Honduran fishermen in waters off of Nicaragua's Atlantic coast. The Navy ship was trying to capture the Honduran boat, which was fishing illegally in Nicaraguan waters.

The source said the incident took place on 14 October when the Sandinist Navy's ship was attacked near the "Cayos Miskitos" area, on the northern Atlantic, by the crew of a Honduran boat.

Lieutenants Pedro Cedeno and Arlen Beltran, who were part of the Navy ship's crew, were seriously wounded during the shooting.

Defense Ministry Spokesman Captain Carlos Lara told ACAN-EFE that the Honduran ship "shot several machine-gun rounds" at the Nicaraguan ship. The Honduran boat fled.

Panama

Assembly Rejects Proposed Constituent Assembly

PA1310142290 Panama City EL PANAMA AMERICA in Spanish 10 Oct 90 p 1

[Report by Juan Pritsiolas]

[Text] On 9 October, the Legislative Assembly rejected a proposal presented by the National Convention of Lawyers [Congreso Nacional de Abogados]. The lawyers had recommended that the executive branch designate a constituent assembly to work together with the legislative branch to prepare a new constitution.

Legislative Assembly President Alonso Fernandez summoned a news conference to announce the Asembly's position. He said his work as president was based on being a "zealous guardian of the rights, power, and limitations" bestowed upon the legislative branch by the Constitution, without interfering with matters that are not of its jurisdiction.

Regarding the constituent assembly, Legislative Assembly Vice President Arnulfo Escalona said that the lawyers convention had the right to propose the ways it deemed best to reform the Constitution. He believed the procedures proposed by the lawyers were, however, "outside" the scope of the Constitution.

According to Escalona, the lawyers' proposal "called for political procedures" to change the constitution. He asked why these procedures, which are "not contemplated" in the Constitution, are being proposed.

Escalona reported that the executive branch is scheduled to present another bill to reform the Constitution in the next few days. President Guillermo Endara sent the Legislative Assembly a bill to reform the Constitution last May, but it was not approved by the legislative plenary session. The legislators had introduced so many reforms to the bill when the second debate started, and only a few days remained before the legislature went into recess, that it would have been impossible to discuss these reforms fully.

Escalona also noted that "any good government can operate" with the current Constitution.

President Alonso Fernandez admitted that the Constitution "has flaws and requires immediate reforms to update it." He said, however, that the Constitution deserves the respect of legislators and citizens alike.

Fernandez said that the current legislature seeks to serve the Fatherland with dignity, responsibility, and decorum by enacting laws that benefit the large underprivileged majorities and that promote the country's socioeconomic development. He also called upon the media to continue observing the conduct of legislators and offering constructive criticism. He said this would ensure that legislators do not stray from their righteous path.

Also, Second Legislative Vice President Lucas Zarak announced that the Legislative Assembly's 15 commissions had worked hard and, thus, the plenary session was getting ready to discuss bills to solve Panama's number one problem: unemployment. With this objective, the Legislative Assembly started the second debate on the multisector zone initiative on 9 October and has approved in its third reading a bill appending articles to the labor law.

Assembly Approves Amendments to Labor Code

PA1510225490 Panama City LA ESTRELLA DE PANAMA in Spanish 10 Oct 90 p A-1

[Report by Jaime Aparicio]

[Text] The pro-government majority in the National Legislative Assembly sanctioned on the third debate yesterday Law No. 4 that adds new articles to the 1972 Labor Code, despite protests over the speed with which the full session approved the bill. The additions, submitted on 24 September by Labor Minister Ruben Rosas, extend collective agreements for a two-year period, should they end in 1991 or 1992, or from the date the law enters into effect.

The law states that companies that are established starting on 9 October do not have the obligation to hold collective agreements with a labor union within its first three years of operations. It also regulates mediation in case of a dispute between the company and its workers and establishes that the National Labor Directorate can approve the termination of a job contract for a minimum of one week and up to one month.

If the conditions that prevent a company from resuming its activities continue, the Labor Ministry can extend the suspension of the job contracts for another 30-day period. The law authorizes the Labor Ministry to submit to compulsory mediation any strike that may break at a public service enterprise. The National Legislative Assembly is also studying a law to create a special legal and labor system for multisector or industrial processing zones, something in which Taiwan and Hong Kong investors have shown interest.

Different labor unions, including Conato [National Council of Organized Workers], UGT [General Union of Workers], and the General Coordinating Board of Workers (CGT), have opposed possible amendments to the Labor Code, as they feel that the measure will not resolve the problem of unemployment and will eliminate unions.

Ex-Officers To Move to 'Maximum Security' Prison

PA1310142390 Panama City EL SIGLO in Spanish 12 Oct 90 p 5

[From the "Leaks and Tips" column]

[Text] Former military officers, who are currently imprisoned at the Renacer prison and who are considered very dangerous, will be transferred to the "maximum security" prison that has been installed on Naos island, where the UESAT [Special Antiterror Service Unit] used to be located. This prison is currently holding a dozen Colombian drug traffickers, including a representative of Pablo Escobar Gaviria's Medellin Cartel.

SPIA Denounces Contamination in Reverted Areas

PA1510165590 Panama City EL PANAMA AMERICA in Spanish 12 Oct 90 p 1

[Text] The Panamanian Association of Engineers and Architects (SPIA) yesterday issued a communique to denounce the serious situation created by the garbage dump located in the reverted area, complaining that it is contaminating a large part of Panama City and San Miguelito.

The SPIA put forward important proposals intended to resolve this problem, such as implementing a national recycling program to eliminate urban waste.

The engineers and architects also asked the Health Ministry to organize a national education campaign to get the community to separate various categories of waste material.

The SPIA communique, signed by its president Architect Alberto Osorio, states:

There is a garbage dump in one of the most strategic points of the reverted area of Panama City that has been used solely as a sanitary landfill.

With this garbage dump we are contaminating a large part of Panama City and San Miguelito, as well as a part of the reverted area.

Currently, the disposal of urban waste material constitutes one of the most serious problems that humanity faces. Techniques have been developed at the international level to dispose of waste material, which has resulted in many countries building costly installations to recycle waste.

Over the past 20 years, the SPIA has been promoting, through specialized congresses related to our association, the technology of recycling as a solution to the problem of disposing of urban waste.

Architect Julio I. Rovi, an outstanding member of this organization and currently the director of the Metropolitan Sanitation Directorate [DIMA], is a specialist in recycling techniques and a visionary and a tireless investigator since he was a university student. The dynamic action of Architect Rovi as the head of the DIMA has already produced the following specific steps, among others:

A national recycling plan that has benefited 30 schools, which receive income from the application of recycling techniques.

The birth of a new industry that utilizes waste material.

Income from the export of cardboard and scrap metal.

The organizing of private recycling mini-enterprises, which will increase the buying power of many Panamanian families.

Arrest Warrant Against Former Minister Revoked

PA1510161490 Panama City Circuito RPC Television in Spanish 2335 GMT 11 Oct 90

[Italicized passages are recorded]

[Text] The Attorney General's Office, through 7th District Attorney Elias Dominguez, has decided to revoke the arrest warrants against Rodolfo Chiari de Leon, former government and justice minister, who is currently refuged at the Ecuadoran Embassy. It has also ordered the indefinite suspension of the judicial actions taken against him.

[Dominguez] *Yesterday, we asked the Electoral Tribunal to allow the Attorney General's Office to continue with the criminal investigations against Mr. Rodolfo Chiari and order his arrest. At the request of his defense lawyer, we had to suspend the criminal actions against him and the arrest warrants that were issued.*

The warrants were revoked because of legal guarantees that exist in the electoral code, which prohibits the issuing of arrest warrants against the president of any political party during an electoral process.

[Dominguez] *He was initially charged with violations against freedom of assembly and against freedom of both the local and international press.*

The former minister's lawyer, Campo Elias Munoz, referring to the charges filed against his client for closing down several news media during his term as minister during the dictatorship, said that Chiari is innocent of all charges.

[Munoz] *According to his records, there is no irrefutable proof showing that Chiari is guilty of committing those crimes.*

[Reporter] *Who closed down the media?*

[Munoz] *According to the files, the Panama Defense Forces [FDP]. There are even statements from witnesses and FDP officers—currently in today's Public Force—who have evidence as to who shut down the news media.*

Moreover, Julio Berrios, the Foreign Ministry legal adviser, said that because of this action by the Attorney General's Office, the situation is no longer in the hands of the Foreign Ministry.

[Berrios] *The next step must be taken by Chiari himself. If there are no arrest warrants against him, he may very well leave the diplomatic mission and return to normal life as a citizen or leave the country if he wishes. In that case, we have no say as to his current status. If there are no arrest warrants, then there is no reason to seek asylum. We also do not see any reason for the Ecuadoran Government to insist on requesting a safe-conduct.*

Reaction against this decision came quickly. Immediately, lawyers, legislators, and members of the National Journalist Association protested the action, which, according to them, is a mockery of the struggle waged by all Panamanians.

[Lawyer Miguel Antonio Bernal] *If Popito [nickname] Chiari is set free and allowed to walk the streets of this country like any other citizen, like Foreign Minister Julio Linares has said, I think—and I will have to say it with great bitterness—we Panamanians fought for nothing.*

[Christian Democratic Party Legislator Raul Ossa] *There are so many charges against Mr. Rodolfo Chiari de Leon, it is impossible to suddenly revoke the arrest warrants without any consideration, without his at least rendering simple testimony to clear himself of responsibility.*

[Journalist Alberto Quiros Guardia] *We all know about the huge number of violations committed by Popito Chiari. We all know that he tried to kill the freedom of speech of Miguel Antonio Bernal. We all know that he dissolved political parties. We all know that he abused his position as government minister and that he was the puppet of the military, as well as their accomplice, allowing them to do as they pleased with this country.*

These comments came this morning following the actions by authorities from the Attorney General's Office, while our team of reporters went to the Ecuadoran Embassy to await the departure of former Minister Chiari de Leon.

Later in the day, the situation changed after the Electoral Tribunal magistrates agreed to authorize the Attorney General's Office to continue the investigation and pursue criminal proceedings against Rodolfo Chiari de Leon for the crimes for which he has been indicted. It authorized the Attorney General's Office to order and carry out the preventive arrest of Rodolfo Chiari de Leon according to the legal and constitutional provisions that are currently in effect for the crimes that are included in his indictment. According to an official note from the Attorney General's Office, to proceed with the preventive arrest of Chiari de Leon for crimes other than those included in his indictment, previous authorization from that office is required.

Citizens are now waiting for authorities from the Attorney General's Office to act and to proceed according to the law, following the decision by the Electoral Tribunal magistrates.

Ministry Denies Chiari Departed Ecuadoran Embassy

PA1510165890 Panama City EL DIARIO INDEPENDIENTE in Spanish 13 Oct 90 p 12

[Report by Lionel Blaisdell]

[Text] A Panamanian Foreign Ministry spokesman has denied reports that [Former Government and Justice Minister] Rodolfo Chiari de Leon is no longer at the Ecuadoran Embassy. The spokesman said that he had not received an official report from that mission concerning Chiari, who is president of the Liberal Party's opposition faction.

There were strong rumors on 12 October—it was the talk of the day—to the effect that Chiari de Leon had left the embassy building on Manuel M. Icaza Avenue during the night, accompanied by close political allies and a diplomat, but the Ecuadoran press attache refused to confirm or deny the report.

Meanwhile, EL DIARIO INDEPENDIENTE was informed of an argument between a police sergeant surnamed Torrero and Diego Alvarado Montoya, first secretary at the Peruvian Embassy, who was barred from entering the building adjacent to the Balboa branch of Citibank in the reverted area, where former military men Heraclides Sucre and Gonzalo Gonzalez are being housed while under asylum.

Despite its journalistic efforts, EL DIARIO INDEPENDIENTE has been unable to obtain official confirmation of the incident.

Peruvian Official Not Allowed to Enter Annex

PA1410185790 Panama City LA ESTRELLA DE PANAMA in Spanish 14 Oct 90 pp A-1, A-2

[Report by Jaime Aparicio]

[Text] Diplomatic sources have reported that on 11 October, the Peruvian Embassy's First Secretary Diego Alvarado Montoya was not allowed to enter an annex of that mission in the reverted canal areas where two former supporters of former General Manuel Antonio Noriega are being held.

Former Mayors Heraclides Sucre and Gonzalo Gonzalez have been under the Peruvian Embassy's protection for nine months. The Panamanian Government has not given them a safeconduct as they are considered common criminals who have been implicated in the murder of 11 soldiers who participated in a rebellion against Noriega on 3 October 1989.

According to the sources, a sergeant of the Public Forces prevented Alvarado Montoya and his son from entering the building, saying that he "followed orders from his superiors."

Although the incident was supposedly "solved," the Peruvian Embassy, which does not have an ambassador here, refrained from commenting on the incident.

Meanwhile, a Foreign Ministry spokesman said that there is no official knowledge of the situation, adding that Peru has not sent any note of protest.

Panama and Peru maintain low-level diplomatic relations. The Peruvian charge d'affaires was expelled a few months ago.

Subsequently, relatives of the 11 soldiers killed on 3 October picketed the Peruvian ambassador's residence in El Cangrejo and hurled incendiary bombs and stones at the building.

Argentina

Cavallo Departs for Saudi Arabia, Europe, USSR

PY1610010890 Buenos Aires TELAM in Spanish 1815 GMT 15 Oct 90

[Text] Buenos Aires, 15 Oct (TELAM)—In response to an invitation from King Fahd, Argentine Foreign Minister Domingo Cavallo today left for Saudi Arabia. According to the Foreign Ministry Press Office, Cavallo will hold meetings with high-ranking Saudi officials during his two-day stay in that country.

Cavallo departed Argentina at 2000 GMT on an Aerolinas Argentinas flight. After his stay in the Middle East Cavallo is scheduled to travel to Rome, Italy, where he will join the entourage that will accompany President Menem on his visit to the Vatican, Poland, and the USSR.

Pinochet Departs in 'Secret and Silent Way'

PY1510121090 Buenos Aires DYN in Spanish 1126 GMT 15 Oct 90

[Text] Buenos Aires, 15 Oct (DYN) — General Augusto Pinochet, commander of the Chilean Army, left the country over the weekend in the secret and silent way in which he arrived on 10 October.

Pinochet presumably departed for Santiago on the night of 12 October, despite the fact that reports from Chile indicated that he would stay until 14 October.

Finally, the real reasons why the military man visited this city have not been learned, nor has it been reported whether he met with President Carlos Menem, as some reports have indicated.

Radicals Recess Without Consensus

PY1510142490 Buenos Aires TELAM in Spanish 1121 GMT 15 Oct 90

[Excerpts] Mar del Plata, 15 Oct (TELAM) — The Radicals [Radical Civic Union—UCR] concluded the deliberations of the national extraordinary convention with a recess that will probably last until the second half of November. They did not approve the proposals for reform that were on the agenda pertaining basically to the party's charter, because of the division between Angeloz and Alfonsin supporters.

The curtain came down just after 1900 [2200 GMT] when Bernardo Grinspun, delegate for Buenos Aires Province, demanded a recess that must conclude "before the end of the year" in order to continue the discussion on the project to reform the party's charter. The discussion was aborted because of the virtual withdrawal from the convention of Angeloz' supporters, who include the federal bloc and the faction headed by Melchor Posse in Buenos Aires Province.

Only nine of the 15 chapters of the proposals for changing the political action policy were approved, and the rest will be debated when the convention resumes its deliberations. The lema system [combining a primary election and a general election on a single ballot] and the role of the state were most probably the most important points of the deliberations, as well as the defense of the democratic system, "a point that must be consolidated," it was stressed. [passage omitted]

Finally, without Raul Alfonsin's participating in the closure and with the withdrawal of the federal bloc, the Radical national convention was unable to come up with a final document as some sectors had requested.

Embalse Nuclear Power Plant Resumes Operations

PY1510235590 Buenos Aires LA PRENSA in Spanish 14 Oct 90 p 5

[Text] Cordoba (TELAM) - The Embalse nuclear power plant resumed operations following a seven-day closedown during which it was inspected and maintenance work was carried out. This information has been released by Rodolfo Haedo, head of the Embalse public relations department.

He explained that the plant was closed down "late on 12 October, as scheduled by the National Power Supply Program [Despacho Nacional de Cargas] (DNC)," to submit the plant to an intensive program that "included inspection and maintenance, both in the conventional and in the nuclear sectors."

He added that a new load of Cobalt 60 was extracted during this period, and that the 648-Mw plant "is performing beautifully by both national and by international standards."

He reported that between 1 January 1990 and 5 October, the plant produced 4,186,973 megawatt-hours of power.

Bolivia

Mexican Cooperation in Fishing Sector Announced

PY1210165890 La Paz La Red Panamericana in Spanish 1130 GMT 12 Oct 90

[Text] The Bolivian and Mexican Governments have agreed to implement fishing development projects aimed at improving and increasing local production.

Engineer Freddy Arteaga, executive chairman of the Fishing Development Center, reported that the Mexican Government's support is aimed at implementing projects in three areas: pisciculture, processing of fish products and computer files, and fishing policy.

Arteaga said two important projects are being implemented in pisciculture development centers in (Ciquina) and (Niebla del Sol). Arteaga said the two projects are being carried out with the cooperation of the Japanese International Cooperation Agency (JICA), adding that

they will receive important support from Mexico through the agreements signed with this country.

Arteaga reported that the Mexican cooperation will also help in implementing other fishing projects in zones of the Bolivian Amazonia.

Antinarcotics Forces Seize Planes, Money

PY1210163290 La Paz La Red Panamericana in Spanish 1130 GMT 12 Oct 90

[Text] In a news conference held yesterday, the Chamber of Deputies Drug Trafficking Control Committee reported that the Special Antinarcotics Forces seized nine small planes, six vehicles, $205,000, and 313,000 Bolivian pesos during operations in Chapare and Santa Cruz.

Committee Chairman Marcelo Quiroga said the antinarcotics forces have followed the committee's instructions.

Quiroga said the committee will continue to investigate the results of antinarcotics operations in Santa Cruz to verify the detailed report submitted by the Social Defense Undersecretariat. The objective is to establish closer cooperation between the committee and the antinarcotics forces in performing the control task.

1991 World Tin Production Quotas Set

PY1210233390 La Paz PRESENCIA in Spanish 3 Oct 90 p 1

[Excerpts] Cochabamba, 2 Oct (PRESENCIA)—The Association of Tin Producing Countries (APPE) has established a total tin production and export quota of 95,849 tons for 1991. This is six percent, or 5,751 tons, less than in 1990.

The APPE also intends to reduce the available stocks by some 5,000 tons. This quantity is the estimated deficit for next year and results from the measures adopted during the 27th Session of the Executive Committee and the 7th Session of the Ministers' Conference. These meetings have been going on in Cochabamba since 25 September. [passage omitted]

The following production-export quotas have been determined: Australia 6,937 tons; Bolivia 12,611 tons; Indonesia 28,376; Malaysia 28,556 tons; Nigeria 901 tons; Thailand 17,116 tons; and Zaire 1,351 tons. Brazil and the PRC took part in the meetings as observers and promised to produce and export no more than 39,010 and 15,000 tons, respectively.

According to reports, the estimated tin supply for 1991 will be 177,859 tons and the demand will be around 183,000 tons. This results in a 5,000-ton deficit that will have to be covered with existing stocks. Stocks will thus fall to 41,000 tons.

According to prospects, the market will be fully supplied by the 95,849 tons to be produced by the APPE member countries: 39,010 by Brazil; 15,000 by the PRC; 7,000 by the U.S. General Service Administration (GSA); and 21,000 tons by other countries that are not members of the APPE.

Brazil

Economy Minister Submits Resignation 15 Oct

PY1510224690 Buenos Aires TELAM in Spanish 2215 GMT 15 Oct 90

[Excerpt] Rio de Janeiro, 15 Oct (TELAM/EFE)—Brazilian Economy Minister Zelia Cardoso de Mello, who is 37 years old and single, tendered her resignation today, just three weeks after it was reported that she was having an affair with Justice Minister Bernardo Cabral, who has also resigned. Cabral is 58 years old and married.

Despite the government crisis caused by the ministers' romance, President Fernando Collor de Mello believes that the economy minister's resignation is "unjustified." [passage omitted]

New Justice Minister Sworn In

PY1610004090 Rio de Janeiro Rede Globo Television in Portuguese 2304 GMT 15 Oct 90

[Excerpts] New Justice Minister Jarbas Passarinho has been installed, and many political leaders attended the ceremony at Planalto Palace.

President Fernando Collor signed the documents installing new Justice Minister Jarbas Passarinho. Standing at his side were Vice President Itamar Franco and [former Justice] Minister Bernardo Cabral. President Collor explained the reasons for the appointment:

[Begin Collor recording] I am incorporating into my Cabinet a public figure with a background of service to the Brazilian nation written in capital letters. His respectability knows no limits in the contemporary Brazilian political arena. [end recording]

Former Minister and Deputy Bernardo Cabral received congratulations from Pais de Andrade, president of the Chamber of Deputies, Economy Minister Zelia Cardoso de Mello, and all the other ministers. Minutes later dozens of politicians and friends crowded into the Justice Ministry auditorium for the installation. [passage omitted]

President Fernando Collor dismissed any new changes to the Cabinet. The justice minister will tonight begin his political job in Congress. [passage omitted]

Economic Mission Returns From U.S. Satisfied

PY1610002090 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 15 Oct 90

[Text] The Brazilian mission that went to New York to negotiate the country's foreign debt with creditor banks has returned to Brazil. Antonio Kandir, economic policy

secretary of the Economic Ministry, said the creditors understood Brazil's proposal.

Upon his arrival Kandir expressed his satisfaction with the results of his trip. He explained that the creditor banks did not reject the most important concept for the renegotiation of the foreign debt: the ability to pay. From now on the debt will be negotiated while keeping in mind the need not to harm the struggle against inflation. The mechanism for the payment of overdue interest must still be agreed upon with the creditor banks.

[Begin Kandir recording] We have made it clear that the payment of overdue interest must be discussed as a whole and that the ability to pay must be taken into account. The specific manner in which this will be accomplished is secondary. [end recording]

Economy Policy Secretary Views Foreign Debt

PY1510182990 Rio de Janeiro O GLOBO in Portuguese 14 Oct 90 p 50

["Text" of interview on foreign-debt negotiation proposal granted by Economic Policy Secretary Antonio Kandir to O GLOBO correspondent Silvia Faria in New York; date not given]

[Text] [Faria] How important is a foreign-debt agreement for the Brazilian economic stabilization program at this time?

[Kandir] A solution to the foreign-debt problem is important because it will create conditions for the resumption of economic growth. Its stabilization effect at this time is secondary; however, if we do not find a solution it will cause restrictions on our growth in the medium term because we will not be able to attract external resources for domestic investments.

[Faria] What was the creditor banks' reaction to the Brazilian proposal?

[Kandir] We told them that Brazil is a viable country, that it is in position to recover and to fully honor its obligations in the long term. The Brazilian proposal does not call for a compulsory debt reduction because the country does not need to go about it that way. It will only be reduced only if the banks want to recover their credits before they reach maturity. Brazil showed that it is solvent and explained that those who believe in the country will get their credits back in full.

[Faria] In other words, can we say that the creditor banks and the Brazilian Government are partners in Brazil's economic recovery?

[Kandir] That was fundamentally the message we wanted to drive home in our talk with the Banks' Advisory Committee. Since the state holds the greater portion of the debt, the country's ability to pay basically depends on economic stabilization and on a drop in inflation, which in turn means that the government can adjust its finances and buy dollars without causing economic imbalances.

Brazil's partners will get their money back in the long term. We know the chances for them to get their money back in the short term are not the best, but we have used our creditors ideas when drafting our proposal.

[Faria] Why does the government believe the banks will accept the Brazilian proposal? After all, it does not even offer to pay the arrears.

[Kandir] The proposal is completely new, extremely serious, and it suggests a definitive solution to the foreign-debt problem. Of course, the banks would like to get their money back, but this proposal is the only alternative: If the country does not grow, it will not be able to honor its commitments.

[Faria] Why does the government believe that the banks will change their minds now and accept a revolutionary solution?

[Kandir] We explained that the solution adopted in the 1980's, which was based on generating large trade surpluses that would be used to pay the foreign debt, turned out to be inflationary and caused economic stagnation—problems we are still trying to solve. Those policies caused serious economic imbalances and made debt payments impossible. We said that only if our economic stabilization program, which seeks a low inflation rate, takes hold will conditions be created for sustained growth and, consequently, for payments of external obligations. The argument that Brazil needed internal adjustment was always wielded by the creditors and the IMF. We defend the same argument.

[Faria] If negotiations reach a deadlock, payments will not be resumed, right?

[Kandir] I am not making that assumption because I believe we are all interested in reaching an understanding. We can only assume commitments, however, within our ability to pay.

[Faria] What if none of the banks show up to get their part?

[Kandir] We will decide who will be paid [a reference to a point in the proposal that, if none of the creditor banks show up at payment auctions called by the Brazilian Government, the names of banks will be drawn so that Brazil can pay obligations to the extent of its ability to pay at a given time].

[Faria] The receptivity to that proposal depends on the banks changing their attitude—and that will take time. Does this mean that an agreement will not be reached this year?

[Kandir] It is premature to make predictions. We will have talks to clarify this difficult proposal. The negotiation will be nothing perfunctory, because the proposal is

new, the banks' interests vary, and the Advisory Committee has new members. The agreement should take some time, but I cannot say how long.

[Faria] But the banks, mainly the American banks, are in a difficult financial situation. How can they agree to pardon even the arrears?

[Kandir] It is difficult to turn down the proposal because it is extremely coherent, even though the offer is not what the creditors would like.

[Faria] Why would the creditors support the Brazilian stabilization effort, which is presented as a condition for debt payment in the future?

[Kandir] Our payment proposal presumes, for instance, the disbursement of an IMF loan and the reduction of payments to the Paris Club. If either of these two conditions is not confirmed, Brazil's ability to pay will be seriously curtailed. The same happens with the arrears: If the loan that will be used to refinance them is not obtained, we won't be able to pay them. So the banks should be hoping that Brazil will be successful in its negotiations with the IMF and the Paris Club so that they can get paid part of their credits.

[Faria] Is there any possibility that the original proposal can be made more flexible? How can the government offer debt conversion or to repurchase debt-notes on the secondary market, etcetera?

[Kandir] The options are open, provided the ability to pay is not compromised. We will make this very clear. We have asked the banks to make suggestions that are compatible with our ability to pay.

[Faria] If there is interest in debt conversion, which is a way to anticipate debt payment [through an auction procedure involving discounts], will the government give the same treatment to the anticipated redemption of zero coupon bonds by applying discounts?

[Kandir] The system is different, but the logic is the same. In the conversion auction used during privatization, for instance, the discount will be defined on the value of the debt, but this has still to be regulated.

[Faria] The government has promised to pay the debt in the long term, and it needs time to consolidate the stabilization. What are the time periods involved?

[Kandir] We presented a proposal to the banks and we are going to negotiate it. We cannot now reveal the conditions. We are only able to pay a limited amount in the short term.

[Faria] How will available resources be distributed? What will be the order of priority?

[Kandir] First, we will repay the internal debt and will hold a level of international reserves. Second, we will pay the multilateral organizations (IMF, World Bank, Inter American Development Bank), and then the private banks, in that order.

[Faria] The initial reaction of some creditor banks to the Brazilian proposal was negative, as they revealed on 12 October. What do you think about this?

[Kandir] Some points in the proposal were not rejected. Other points have still to be discussed. This is an essential part of the negotiation. I cannot yet say that the proposal was fully accepted.

[Faria] If the amounts to be paid to the private banks depend on the definition of commitments with the Paris Club, will private creditors have to wait for Brazil to reach an agreement with the Paris Club?

[Kandir] That's right. Our proposal foresees that. Negotiations with the Paris Club depend on the approval of Brazil's letter of intent by the IMF. The private banks can help this process by letting their governments know that they support Brazil.

[Faria] Will Brazil run into trouble if the creditor banks decide not to renew the short-term credit lines when they expire in March?

[Kandir] I don't believe that will happen because Brazil is an important trade partner for many countries. Additionally, the government is preparing its own bank branches abroad to provide short-term financing should it be needed.

[Faria] What will happen if all the creditor banks decide to redeem their bonds in the first year?

[Kandir] We would pay all our debt with a tremendous discount since the ability to pay will be limited and it cannot be expanded.

Peru, Cuba To Be Represented on Telecom Council

PY1510222390 Rio de Janeiro O GLOBO in Portuguese 13 Oct 90 p 21

[Text] Brazil will represent Portugal, Peru, and Cuba on the Inmarsat [International Maritime Satellite System] council through Embratel [Brazilian Telecommunications Company].

Inmarsat is a 60-country international organization that renders mobile communication services via satellite. Embratel president Carlos de Paiva Lopes yesterday signed an agreement to this effect with representatives of the Portuguese Companhia Portuguesa Radio Marconi, the Peruvian Entel [National Telecommunications Enterprise of Peru], and the Cuban Ministry of Communications.

Only 18 countries are members of the council, and each one has a quota that depends on each country's total investment in the telecommunications sector.

Brazil is a member of the council with a quota of 1.49 percent. Because of their low quotas, Portugal (0.27 percent), Cuba (0.05 percent), and Peru (0.05 percent) have no representatives on the council.

Paiva Lopes explained that these countries decided to join Brazil to have indirect participation on the council, which establishes the policy for the sector and the prices of land, maritime, and aeronautical mobile telecommunication services via satellite all over the world.

New Medical Research Reactor Under Development

PY1610002790 Rio de Janeiro O GLOBO in Portuguese 14 Oct 90 p 34

[Text] Sao Paulo—The Reactor for Research and Medical Use (Repam) to be developed by the Navy will operate with one thermomegawatt of power and has its core specially positioned to direct a beam of radiation (in the case of neutrons) at the patient's head.

Rear Admiral Athon Luiz Pinheiro da Silva, the president of the Coordinating Board for Special Navy Projects (Copesp) and who is responsible for the development of the Repam, said that this reactor was designed according to the most advanced concepts of nuclear security in the world. One of the main concerns was to ensure that the reactor core could never melt down, not even in the worst accident.

The Repam will have its core refrigerated by water like the reactor of the Angra I Nuclear Plant and the prototype nuclear submarine reactor that is being developed by the Navy; however, its refrigeration process is quite unusual in that it has a natural circulation system driven by air [impulsionado pelo ar] which prevents the core from losing its refrigeration (water) even in an accident.

Pinheiro da Silva said that it took six months and a team of 15 Copesp technicians to develop the project. The reactor will use as fuel a combination of aluminum and enriched uranium which are the raw materials for the reactors currently in use in Brazil.

He added that the shield to be built around the reactor in the hospital must be at least 10 meters thick, and built of lead and concrete to shield against radioactivity.

* Bankers View Challenges of Coming Six Months

91SM0004A Sao Paulo GAZETA MERCANTIL in Portuguese 15-17 Sep 90 pp 1, 20

[Article by Angela Bittencourt]

[Text] Monday marks the beginning of the second six-month period of the Collor Plan. This date will be significant in that it reaffirms the monetary policy as one of the principal mainstays of the plan. As creditor of the banking system to the tune of Cr$900 billion, the Central Bank will squeeze a little more out of the liquidity of the economy.

In this second six-month period, beginning 17 September, certain financial institutions will begin to pay off this debt. Cruzeiros will drop out of circulation in order to accommodate the deficiencies in the reserves of cruzados, which will cease to exist; there will be a purchase of certificates of privatization (CP); the payment of Central Bank letters (LBC) sold in April; and the collection of greater compulsory retirement benefits.

In reference to the market, President Collor is initiating his second six-month period with a number of challenges:

- Equating the public accounts, which should then reach a balance, assuring that surpluses are not merely of a structural nature.
- Distortion of the exchange rate.
- Monetary expansion whose target was altered due to the Central Bank's need to purchase dollars from exporters in significant quantities. The expansion target for the second six-month period was revised from 9.1 to 14 percent.
- Deblocking the new corrective cruzados which will then revert to the economy beginning in September 1991. The market believes that measures aimed at minimizing the effect of that expansion on the demand, as well as on prices, should be structured as soon as possible.

Within the next few days, the Central Bank will have to seek the complicated solution of a problem affecting the states: market resistance to the financing of bonds associated with state and municipal debts, which experienced a troublesome expansion within the past few months, with the authorization of the Senate.

Within a period of four months—from April to August—the emission of municipal and state bonds increased 141.55 percent.

"The remainder of the stabilization program with regard to its six-month balance is positive. We no longer foresee a prognosis of castrophe and are convinced that the economic team will keep inflation under control," says Jose Carlos Moraes Abreu, general manager of Itausa.

In the opinion of Roberto Konder Bornhausen, interim president of Unibank's administrative council, flexibility in the denationalization program can be an alternative in minimizing the expansionist impact on the return of cruzados blocked on 15 March.

Antonio Boralli, president of Citibank in Brazil, reasons that the government should prepare for the next step: that of rationalizing the activity of the state at a time when certain activities should actually be transferred to the private sector.

Central Bank President Ibrahim Eris agrees that much remains to be done. However, he calls attention to two definite factors involved in carrying out the program: restoring the government's credibility and changing the mentality of Brazilian society which, "for the first time

expressed a willingness to accept the idea that inflation can be reduced without gimmicks and that the cruzeiro can become a strong currency.

Challenges of a Daring Plan

The program launched by President Collor in his efforts to stabilize the economy has yielded big dividends in its first six-month period. The Central Bank and the banking system in general agree that considerable progress has been made, especially in the effort to liberalize the economy. However, they agree that much remains to be done. Definite challenges will be faced within the next few months in an effort to strengthen the price stabilization process. Bankers call attention to three basic points requiring somewhat complex but urgent administrative action:

- Equating the public accounts, which should then reach a balance.
- Distortion of the exchange rate.
- Deblocking the new corrective cruzados in 12 portions beginning in September 1991.

Central Bank President Ibrahim Eris is concerned over the fact that the government has not yet managed to reestablish competition within the standard set for effectively interrupting the inflationary memory. "These days society believes what the government says, and restoration of this credibility is essential for carrying out the monetary policy. Society is viewing economic relations from a different angle where the government's word has now begun to have value," says Ibrahim Eris.

In the opinion of the Central Bank president, the past six months have seen a marked change in the mentality of brokers concerning their expectations. "Brazilian mentality lives largely on expectations and, for the first time, society has begun to accept the idea that inflation can be reduced without gimmicks and that the cruzeiro can be a strong currency with competition re-established. This change can be considered a reasonable success."

Without a Catastrophe

The first six-month period of the Collor administration resulted in a positive balance, in the opinion of Jose Carlos Moraes Abreu, Itausa's general manager. "We no longer have the prognosis of a catastrophe, and there is reason to believe that the economic team will keep the inflationary process under control."

However, this state of affairs does not offset the difficulties still prevailing. In Moraes Abreu's opinion, it is essential to balance out the chronic deficit of state firms not capable of being reduced to private status.

In the opinion of Roberto Konder Bornhausen, interim president of Unibank's administrative council, privatization involves a long process, perhaps 10 years for its real implementation. However, he believes that in the next few years of the Collor administration something will be done to speed up this process, and he notes that perhaps privatization may be transformed into an alternative for the current problem, with the return of the new cruzados retained after the 15 March monetary reform.

"Even staggered, the return of the currency could have a strong effect on the demand and extend the process of privatization to physical human beings; as a voluntary procedure, it could be a form of minimizing the impact of the return of that currency. Nevertheless, there is the question of 'timing' for this. The closer we come to the return of the cruzados, the less enthusiastic will be those who opt for the privatization solution," he explains.

Meanwhile, Bornhausen believes that the government made a market-size error in insisting on the compulsory purchase of certificates of privatization on the part of financial institutions. "The government showed that its product is not good and requested a nonconstitutional solution which the banks, for example, preferred not to question. If that were not the case, the government would gain nothing with this program of denationalization."

Privatization

Antonio Boralli, president of Citibank in Brazil, believes that privatization offers a big challenge to the economic authorities. He acknowledges that the proposals are being made with determination and seriousness. Meanwhile, he points out that this type of program needs persistence and obstinacy in overcoming many obstacles to be successful. There is also, in the opinion of the Citibank president, a further step of fundamental importance: rationalization of the state operation, since many activities will be transferred from the public sector to the private sector. "The government needs to be alert at all times, since any distraction can result in an ongoing deficit. The government's vigilance on its own accounts must be permanent."

Balance in the public accounts is decisive if the stabilization program is to be successful in chalking up positive results. Roberto Bornhausen insists that the government's monetary system is not yet properly organized—despite certain surpluses—inasmuch as payments are not being made on the interest on our domestic and foreign debts.

Among the principal challenges being faced by the Collor administration, Roberto Bornhausen calls attention to the short-term wage question. "This is a difficult situation in both the public and private areas. In the private area we are following the government's temporary measures.

"Meanwhile, although recognizing that wage adjustments should be made, we cannot simply ignore the fact that they will have an effect on the purchasing power of the people and on the demand for goods commensurate with the corresponding price adjustments."

Cruzados, a Cause for Concern

Moraes Abreu, of Itausa, has a similar viewpoint and is concerned about the magnitude of the return of funds to the government itself. "The volume is very great. Itau alone, acting on behalf of its clients, has set aside Cr$250 billion. As we retain about 10 percent of the system, the total volume, subject to correction during the course of time, is about Cr$2.5 trillion."

These two bankers give the adjustment in the exchange rate as one of the biggest challenges facing the government. Moraes Abreu recalls that this distortion, overevaluating the cruzeiro, resulted in sizable adjustments in the corresponding prices. He works on the assumption that the cruzeiro will continue to have greater value than is necessary or the ideal situation where there is balance between the country's foreign exchange credits, both incoming and outgoing.

In Bornhausen's opinion, the exchange rate should be straightened out in some manner. "As long as that is not adjusted, there will be irregularities in the economy. The valorized cruzeiro helps reduce inflation by minimizing, for example, the burden of imported petroleum; but when this picture is reversed and Brazil must pay interest on the foreign debt or imports must take time to catch their breath, inflationary pressure becomes inevitable. At first it appears that the government is giving preferential treatment to the noninflationary effect of the exchange-rate dilemma, but the price to be paid is very high."

Antonio Boralli, president of Citibank in Brazil, believes that it is essential to equate matters in the foreign area. "Let us proceed on the basis of an agreement."

First, verbal arrangements with the International Monetary Fund [IMF], the formality of a letter of intent submitted by the Brazilian Government; then its presentation to the IMF board and, simultaneously, a resumption of negotiations with credit banks, the Paris Club, and multilateral organizations. In December the foreign problem becomes more intensified with the conclusion of the Uruguayan round robin involving GATT [General Agreement on Tariffs and Trade]. And the importance of that moment lies not only in the specific terms of the accord but also, and specifically, because the country has adopted a liberalizing posture."

Foreign Exchange

Domestically, the principal aspect of the foreign challenge aimed at reaping benefits during the next few years lies in a detailed revision of the market reserves, equal divisions of sectorial products, the rationalization of bureaucratic red tape, and cost reduction with the authorization of the issuance of import and export guidelines.

In Boralli's opinion, the principal link in the domestic and foreign chain is still the rate of exchange, which should be handled with care, and the continuance of a monetary policy on the aggressive goals of the Central Bank which, in effect, holds in its hands the instrument necessary for achieving the objectives of the stabilization program.

Roberto Bornhausen is carefully observing the challenge which the Central Bank will be facing during the last quarter of the year when the public sector normally increases its expenditures.

"The challenge is to show that this formerly traditional behavior has now been interrupted. With the elections, the government can be strengthened, thus gaining significant political support in its aim to modernize the economy in accordance with the proposal of the Collor Plan," says the banker.

Always precise in his choice of words, Bornhausen does not state that the plan is a success. "Success depends on objectives. Not knowing the quantitative objectives, I believe that the stabilization program made substantial progress in freeing up the economy and controlling inflation. However, I would not agree with such an arbitrary process which seized the goods of individuals and their financial assets. Meanwhile, it should be recognized that advances have been made, with the government abandoning heterodox fireworks and adopting orthodoxy as the rule."

Heroic Task

The interim president of Unibank's administrative council asserts that the Collor Plan is on the right path in macroeconomic terms, even though it advocates acts contrary to its own directives in specific sectors. As an example, he cites the government's posture in freeing some sectors of the economy to punish other sectors. "Changes for the purpose of reprisal give an erroneous message," he says.

In the opinion of Moraes Abreu, general manager of Itausa, the six-month balance sheet of the Collor Plan is positive in that it presents more certainties than failures, although the latter exist. In his opinion, the plan erred through the excessive retention of new cruzados in the hands of small-time savers; through its extraordinary number of measures revoked; through the absence of dialogue in purely operational procedures; and through the lack of equality between public and private bonds which are in direct conflict with the philosophy of privatization inherent in the platform of the Collor administration.

Everyone agrees with a point made with great intelligence by former Minister Antonio Delfim Netto last week at a seminar in Sao Paulo: "The country is experiencing a time of great difficulty. Reducing inflation from 80 to 10 percent is a heroic task; but a still harder task is to cut inflation from 10 to one percent per month and, although extravagant from one viewpoint and unjust from another, the government plan has been successful."

*** New Measures To Promote Imports Announced**

91SM0004B Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 21 Sep 90 p 1

[Text] Brasilia—Yesterday the Ministry of Economy suspended the obligation of financing imports valued at more than $200,000 (Cr$15.8 million). This measure, which was expected by importers, had an immediate impact on the quotation of the dollar and should stimulate the purchase of products abroad. The financing requirement was the major obstacle standing in the way of imports in general, for there was a lack of funds needed to open lines of credit.

The objective of the financing requirement, announced yesterday. is the incorporation of a number of measures aimed at reducing the portions of the import tax applicable to 256 basic products used in industry. In addition, there was a reduction in the apportionment of the import tax on textile machinery, which went from 40 to 50 percent. This was particularly applicable in the case of nondomestic-type machines.

"Many times the company had the money but did not succeed in making the import arrangement," said Joao Maia, national secretary of economy, after announcing the termination of the financing limitation. On a number of occasions, companies had enough funds to arrange an import transaction on demand but had to await for the required credit.

The termination of this requirement is to be decided through a resolution prepared by the Central Bank within the next few days; it will extend through 31 March 1991. With this new facility, the Ministry of Economy hopes that domestic groups will increase imports, principally of products for ready consumption. Yesterday the DIARIO OFICIAL published an article indicating that the Ministry of Economy is beginning to study the reduction of the apportionment of the tax on 20 products relating to hygiene, housecleaning, and nutrition. The objective is to expose domestic manufacturers directly to foreign competition. Items such as mineral water, cream custard, butter, cheese, cream cheese, beauty products, and make-up products are being subjected to drastic increases, according to Maia.

Edgar Pereira, director of the Department of Supply and Pricing, said that those sectors are keeping their products indexed and, for that reason, the government decided to expand those markets. Brazilian companies have 30 days in which to express their willingness to go along with this reduction study. Joao Maia asserted that "it is unacceptable" for companies to "increase prices with a decline in demand." This would indicate that sectors "having a monopoly or an 'oligopoly' would be using its market power to maintain high prices."

But not only in finished products does this occur. The apportionment of import taxes affecting 256 incoming products will be reduced by half. Maia explained that 152 of these are in the petrochemical and chemical sectors, and the other 104 are in various areas, such as spare parts (motor starters and pistons), glass containers, flat plate, steel wire, and nonferrous steel. "The objective is to expose these sectors to international competition," said the secretary.

Jose Artur Denot Medeiros, director of the Department of Foreign Trade, asserts that the government is expecting great results in the import of liberated products with the aim of smashing the cartels.

Joao Maia, of the National Secretariat of Economy, also advised that studies have been concluded on the textile sector. The government decided to lower the apportionment of import taxes on machinery and equipment to 20 percent, provided the equipment is similar to the domestic equipment. Other equipment, not being analogous to the domestic equipment, has had an apportionment of zero since the middle of the year.

Chile

President Aylwin Meets With General Pinochet

PY1510211590 Santiago Radio Chilena Network in Spanish 1600 GMT 15 Oct 90

[Text] President Patricio Aylwin and General Augusto Pinochet this morning held a 50-minute meeting during which they discussed several matters related to next year's military budget. The meeting began at 1000 at the presidential residence on Arturo Medina Street. President Aylwin said he listened to several proposals by the Army commander on different subjects. He added that these proposals will be answered by the Defense Ministry.

Gen. Pinochet left the presidential residence without making any statement, while the president made brief remarks to reporters.

[Begin Aylwin recording] Gen. Pinochet made some interesting proposals on behalf of the Army. I listened to his proposals, gave him my opinion, and explained that solutions will be adopted after the appropriate studies, which are being handled through the Defense Ministry, are finished. The Defense Ministry is the appropriate organization to listen to these matters. [end recording]

Asked whether they discussed the Army budget for next year, Aylwin said they discussed several matters. Aylwin was also asked whether he would comment on Pinochet's recent trip to Argentina; He said that he would not. Aylwin was also asked whether the meeting with the Army Commander was positive. He replied that talks are always useful.

This was the fourth meeting between Aylwin and Pinochet since Aylwin's inauguration. The three previous meetings were also held at La Moneda Palace.

Pinochet To Miss Visit by Spanish King, Queen

PY1510200090 Madrid EFE in Spanish 1510 GMT 15 Oct 90

[Text] Santiago, 15 Oct (EFE)—Media and military sources reported today that General Augusto Pinochet will travel to northern Chile on 16 October and will not attend the official reception and ceremonies planned for the king and queen of Spain during their visit to Chile. The monarchs' visit is scheduled to begin on 17 October.

Santiago newspapers have said that the Chilean Army commander in chief, who returned from a private four-day visit to Argentina on 14 October, will travel to Iquique and Antofagasta to inspect Army installations.

Military sources have confirmed Pinochet's trip to the north but claimed not to know when the general would be back. The sources said that Pinochet will not meet with the Spanish monarchs during their four-day stay in Chile.

The military sources said General Pinochet's position was not deliberate because he had to fulfill previously made "institutional engagements." Local politicians, however, said Pinochet decided to be absent to express his disagreement and annoyance over recent remarks made by the king. The king last week reiterated his full support for the process of restoring full democracy to Chile.

Political sources have said that Pinochet's absence has to do with protocol because his place at the welcome for King Juan Carlos and Queen Sofia would be secondary, which Pinochet would not like.

Minister on Achievements of European Tour

PY1510150090 Santiago Domestic Service in Spanish 1000 GMT 15 Oct 90

[Text] Several agreements on cooperation and trade, donations, and more than 500 contacts with potential investors are the results of the visit that Economy Minister Carlos Ominami made to France, Spain, and Italy.

Upon returning to the country, the minister evaluated the results of his trip, during which he was accompanied by (Manuel Feliu), chairman of the Confederation for Production and Trade. Ominami said that agreements between the government and the private sector were important for improving Chile's image abroad.

Among the concrete agreements achieved by his delegation, he mentioned the $800-million credit granted by the Spanish Government, in addition to a fund for Spanish investments in Chile which amounts to $200 million. The French Government has also promised to donate F27 million and to establish a fund of F350 million to promote bilateral trade. The Italian Government has also donated $42 million to support housing and health sectors in Chile.

Regarding the strategy to be adopted to face the Persian Gulf crisis, Ominami said that he will try to strengthen Chile's position in the international markets and to promote other policies outlined in the agreement between the government and the private sector.

Ominami added that Europe has a positive view of the Chilean Government's capacity to maintain the adjustment policy during political transition and the delicate economic situation we are experiencing today.

The economy minister said that the CUT [United Labor Federation] request for a 30,000-peso minimum salary is quite understandable; however, he made the following observation:

[Begin Ominami recording] We must be careful not to make mistakes in adopting measures which, under certain adverse circumstances, could appear favorable to the poorest sectors but which in the end could result into something the exact opposite of the initial objective. Thus, I believe this subject must be discussed thoroughly, and I also want to call the attention to the fact that this is something resulting from the country's current situation. The answer cannot be something that seeks an across-the-board wage increase. We must be very careful about this subject and see how we can meet the expectations of all sectors. [end recording]

Ominami gave an impromptu news conference at Pudahuel Airport upon his return from an 11-day trip to Spain, France, and Italy. He said he signed several cooperation and trade agreements. He concluded by saying that one way to deal with the oil crisis is to seek internal consensus and increase the country's international trade relations.

Firm Reportedly Tests Powerful FAE Bomb

PY1510123090 Santiago Domestic Service in Spanish 1000 GMT 15 Oct 90

[Text] A Santiago morning newspaper has reported that the bomb called Fuel Air Explosive, FAE, which is being developed by the Chilean Company Cardoen, is as powerful as a tactical nuclear bomb.

The newspaper reported that the first FAE tests were carried out in August 1990 at the company's test range in a desert location east of Iquique, 1,057 km north of Santiago.

According to company sources, the FAE has existed since the 1960's and was used by U.S. troops in Vietnam.

Denies Bomb Production, Libya Talks

PY1510231090 Santiago Domestic Service in Spanish 2200 GMT 15 Oct 90

[Text] Cardoen Industries today denied the sale of a powerful bomb to Libya. We have a report by Veronica Munoz from our mobile unit.

[Munoz] Ismael Vicuna, general manager of Cardoen Industries, has said that the company is not producing the powerful FAE [Fuel-Air Explosive] bomb, which is considered one of the most lethal explosives in the sphere of conventional weapons. He noted that this project is in a very preliminary research stage with the cooperation of the Spanish company (MS Systems). Press reports indicated that Cardoen Industries was manufacturing the FAE bomb and negotiating with Libya to sell the bomb to Iraq.

[Begin Vicuna recording] The FAE bomb is not being negotiated; it is not even being developed. It is in a very preliminary research stage, one of the many research projects the company is normally pursuing. Therefore, this bomb is not in the production or development stages, and there isn't even a prototype. [end recording]

[Munoz] Vicuna also said that the company's future strategy is currently being evaluated because the company has come to the conclusion that the military market is declining. He added that the idea is to guide the production of Cardoen Industries toward other areas, not only the production of weapons. He said that the company is not producing or selling any new military products, but added that the company does have a stock of products already made.

Investigative Police Raid UDI Leader's House

PY1210183090 Santiago Radio Chilena Network in Spanish 1600 GMT 12 Oct 90

[Text] The Independent Democratic Union [UDI] has charged that Investigative Police personnel illegally raided the residence of (Ernesto Abarca), El Bosque neighborhood UDI leader. UDI Secretary General Joaquin Lavin rejected the civilian police's report on this incident.

[Begin Lavin recording] Yesterday, the Investigative Police said that they did not carry out a raid, but an interview, adding that it had nothing to do with political harassment. UDI labeled the Investigative Police's report as totally unlikely.

Early in the morning police broke into the residence through a window. They inquired for (Abarca's) political activities in an offensive tone and for the names of other UDI leaders in this sector and in other neighborhoods. [end recording]

Lavin directly charged Horacio Toro, Investigative Police director general, retired, with this situation. Finally, he said he will file a petition for a court injunction on behalf of (Ernesto Abarca), requesting police protection for him and his family.

Foreign Ministry Official on Antarctic Meetings

PY1510210790 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 15 Oct 90

[Text] Jorge Berguno, Foreign Ministry director for special policy, has announced that three Antarctic meetings will take place in Chile in November. Berguno explained that the 39 nations that have signed the Antarctic Treaty will participate in these meetings between 19 November and 6 December. He emphasized that the most important of these three meetings will be the 11th Special Consultative Meeting which will discuss the protection of the antarctic environment. He also stressed that this meeting is taking place in Chile which will benefit most from an effective environmental policy because Chile is the country that is closest to the Antarctic.

Colombia

No Investigation on Origin of Money Held Abroad

PA1610020590 Bogota EL NUEVO SIGLO in Spanish 8 Oct 90 p 9

[Text] The government stated yesterday that the origin of the monies Colombians are keeping abroad will not be investigated. It also warned that those who do not bring back their funds, estimated at $18 billion, will be penalized through international banks.

National Tax Director Fernando Zarama said the amnesty being given enables taxpayers to bring back their money. He added that, by fulfilling this obligation, citizens will not be subject to an investigation on fiscal or foreign exchange matters.

"If the taxpayer shows us his money, we cannot investigate its origin. Penal problems are another matter and will follow their independent course," he noted.

Zamara, who was the guest speaker on Radio Cadena Caracol's person of the week segment, felt Colombians may be holding from $15 to $18 billion abroad. He added that for the time being the government will not put into place the restrictions it is planning to impose to have direct control over those monies, because then taxpayers would be trapped.

The official explained that once a system is worked out, restrictions will be imposed abroad, and those not bringing their money back will be punished. As for the way these monies could return, he said that the plan establishes clearly specified means—such as bonds—through which it will be possible to bring foreign exchange into the country.

Commenting on remarks by the labor unions that the government is contradicting itself when it proposes to lower import taxes but at the same time is raising the value added tax by two percent, he said that the system was necessary for a modernization process.

"The reduction of import taxes is much greater han the two- percent increase," he remarked.

Supreme Court Rules on Constituent Assembly

PA1610012090 Bogota EL TIEMPO in Spanish 10 Oct 90 p 1A

[Text] In an action that surpassed government xpectations, the Supreme Court of Justice yesterday ruled that the Constituent Assembly belongs to the people, who can exert their sovereignty to freely choose the subects on the agenda.

In a historic decision, the Supreme Court validated—with 14 votes in favor and 12 against—thecall to convene a Constituent Assembly that Colombins will elect on 9 December.

The Court declared the call constitutional, butleft the agenda open, noting that there should be no lintations such as the ones imposed by a political agreemen among the Liberal Party, the Social Conservative Partyand the M-19 Democratic Alliance.

Supreme Court President Jorge Carreno Luenas said: "The people have no limitations in content orform in their Assembly."

The Court declared invalid the guarantee of fivmillion pesos demanded from the candidates to the Costituent Assembly.

"That requirement violated the constitutional ght that permits anyone to register to vote or to be lected," Carreno Luengas stressed.

The political agreement established seven pointdealing with, among other things, the call for the Costituent Assembly, the qualifications and requiremen of its members, the period of the Assembly session, ad most important, a specific 10-point agenda.

It also established, among other fundamentalspects, reforms in the Congress, justice, the Attorney eneral's Office, public administration, and the state f siege apparatus.

In addition, he agreement called for creatinmechanisms of defense and the promotion of huma rights, organizing political parties and opposition groos, conducting reforms aimed at guaranteeing econonc planning on investments and social development rojects, and establishing new tools for fiscal controls o public expenditures.

According to the Supreme Court decision, thAssembly's discussion is not confined to these topic which may or may not be discussed. The membe of the Constituent Assembly must decide on the aspas to be reformed.

The Supreme Court's ruling recognizes the rigs of all Colombians (primary members of the Cotituent Assembly) to go to the polls to support the ca for the Constitutional Assembly, which is the backbo of the presidential decree.

Twelve years ago, during Lopez Michelsen's administration, there was an attempt to make constitutional amendments through a Constituent Assembly. However, the initiative failed when the Supreme Court plenum ruled that the convocation made through Congress was unconstitutional.

On 9 October Carreno Luengas said that in two consecutive elections—11 March and 27 May—the sovereign people voted in favor of the Assembly. Hence, the Supreme Court gave it a green light.

7 Killed in Attack in Medellin Neighborhood

PA1510125790 Bogota Inravision Television Cadena 1 in Spanish 0100 GMT 15 Oct 90

[Text] The same old story was repeated in Medellin last night, 13 October, when two jeeps went into the Florencia neighborhood and fired indiscriminately at 15 persons, killing seven and wounding eight. They fled, and now nobody knows who they were or why they did it. The motive behind the crime is still unknown.

The only thing the residents of this neighborhood northeast of Medellin know is that, after sounds of heavy gunfire and explosions, the bodies of 15 persons were lying on the pavement. Seven of them died and the remaining persons are still hospitalized. Witnesses also agreed that yesterday's mass murders were carried out by individuals riding in two jeeps. Besides carrying long- and short- range weapons, the killers used explosives to commit the crime.

[Begin unidentified woman recording] We heard a lot of shooting, and then we heard an explosion. It lasted five to 10 minutes. Everybody ran for cover. [end recording]

The nearby homes were not spared, as the explosives caused a great deal of damage to doors, windows, and the inside of homes. In addition, panic spread among the area residents. The victims of this new attack by hired killers include a young married couple that was passing by, a handicapped man who was at the entrance of his house, and a former National Police agent. It is clear the criminals conducted an indiscriminate attack.

The authorities stated the incident was caused by the infighting of outlawed gangs that operate in the region. While the wounded are recovering at the municipal clinic, a special judge has taken over the investigation of the case.

Paraguay

Reaction to U.S. Envoy's Comments on Labor Code

PY1510123490

[Editorial Report] Asuncion newspapers on 14 October carry reactions to statements by U.S. Ambassador to Paraguay Timothy Towell regarding the lack of action by Paraguayan officials and congressmen on the new Labor Code.

Asuncion ABC COLOR in Spanish carries on page 3 a 200-word article in which Colorado Party Deputy Persio da Silva says that Towell's statements "practically represent a real intervention in purely internal affairs of the Chamber of Deputies, and they also constitute criticism of the minister of labor and justice." Da Silva also says that he believes that the negotiations toward lifting the U.S. trade sanctions against Paraguay should continue.

ABC COLOR carries another 250-word article on the same page in which Colorado Deputy Antonio Salum Flecha states: "He is entering an area which will unnecessarily put him in a position which may objectively be considered to be intervention in the internal affairs of a country, because he openly and plainly criticized the actions of high-ranking national officials." Salum Flecha expressed surprise at Towell's remarks, stating: "They necessarily lead to controversy in a field in which he moves as a chief of mission, and he knows that controversy is absolutely prohibited for diplomats." He adds: "I regret his statements as they stand, but they are consistent with some reports on his role in the country." He did not explain this statement further.

The paper carries a 300-word article on the same page with statements by Victor Baez Mosqueira, president of the United Labor Federation, CUT, who agreed with Ambassador Towell's statements. Mosqueira said that the Paraguayan mission that promised the U.S. Congress that it would modify the Paraguayan Labor Code in July 1990 has lied. "Several international observers," Mosqueira states, "told us that the government does not intend to improve Law 1172 or the right to strike, which are important elements in guaranteeing this democratic transition phase." As for the Justice and Labor Ministry's activities, Mosqueira said: "I think that ministry is slower than ever, because during Alexis Frutos Vaesken's administration the labor unions had greater opportunities to express their complaints. But now they must go through a long procedure to speak with the current minister."

Asuncion HOY in Spanish on 14 October carries on pages 10 and 11 a 450-word article with statements by Colorado Deputy Julio Cesar Vasconcellos, who expresses his surprise at the U.S. ambassador's remarks: "What can I tell you? I was surprised that a diplomat would express himself in that manner, a man who represents one of the leading countries in international policy. He made statements which I would describe as somewhat outrageous, since they affect our sovereignty. This man without a doubt may no longer honorably represent the United States."

Vasconcellos adds that he does not think that Towell should command or give orders in Paraguay. He also remarks that U.S. foreign policy is deficient and that the United States should appoint British ambassadors because the Americans are not diplomatic. "Asked about an initiative by the Orthodox Colorado leaders, who said that next week they would pass a motion to declare the U.S. ambassador persona non grata, Vasconcellos said: 'I don't think that would be worthwhile. We cannot institutionalize the mistake he made in this manner. I think that this commentary is enough. The U.S. State Department will probably learn of our protest and it will know what to do; this gentleman, without a doubt, can no longer represent the United States honorably.'"

The same newspaper carries a 150-word article on page 10 in which Colorado Party Senator Mario Mallorquin defends the U.S. ambassador: "I think that perhaps he was a bit rude, but he spoke the truth. I completely agree with him." The senator believes he did not attack Paraguayan sovereignty, saying that reports to that effect represent "an unwarranted sensitivity." As for the reform of the labor law, Mallorquin says that Towell is correct. When Foreign Minister Alexis Frutos Vaesken returned from the United States, he said that "in order for the sanctions on Paraguay to be lifted under the preferential treatment system, the Paraguayan labor code must be reformed, and we congressmen will have no problem in doing so as long as the executive branch sends us a draft bill on the issue."

The same newspaper carries a 300-word article on the same page with the reaction of Deputy Augusto Brun from the Authentic Radical Liberal Party, PLRA, who says that Towell's statements "do not reflect reality" since Congress is carrying out its work normally. Brun says that a congressional committee is working with Labor and Justice Ministry officials and other labor experts on the Labor Code. He states: "We know that the project is being prepared." As for the activities of the justice and labor minister, Brun did not want to give an opinion.

The newspaper NOTICIAS in Spanish on 14 October on page 14 carries a 300-word article in which Febrerista Revolutionary Party Deputy Ricardo Lugo Rodriguez says: "I understand that it is a diplomatic way to justify the political attitude of the United States in this case." The article adds: "For Lugo Rodriguez, the U.S. ambassador's remarks must not be taken as intervention in domestic affairs, 'but they may be considered a diplomatic stance to justify the measures adopted by his country.'"

The same page carries another 300-word article with remarks by PLRA Senator Nelson Garcia Ramirez, who states: "I think the ambassador is wrong on the revocation or modification of the Labor Code. I do not think that has anything to do with labor issues. I would have agreed with him if the diplomat had said that the lifting of the trade sanctions were conditioned to the approval of laws that gave better guarantees to union leaders. In that case I would agree with the ambassador because it is a shame, it is regrettable, that the Senate hasn't yet examined the three existing draft bills on the subject." Garcia said that, in his opinion, the ambassador intervened in national internal affairs: "I think that it is a real intervention. He must not touch that subject. I think that the ambassador was wrong, or perhaps he made a hasty statement."

Further Reaction

PY1510234090

[Editorial Report] Asuncion newspapers on 15 October carry further reactions to U.S. Ambassador Timothy Towell's remarks on the passage of the Paraguayan Labor Code.

ABC COLOR in Spanish on page 3 carries a 180-word article in which Juan G. Granada, Febrerista Revolutionary Party first vice president, states that the statements made by the U.S. ambassador are "irrelevant" [intranscendentes]. Granada notes that Towell's criticism "is unfounded and lacks seriousness" and that for this reason he considers it "frivolous" [ligera] and unimportant. He adds, however, that he does not believe that the ambassador wanted to meddle in domestic affairs, as has been stated by some political leaders.

In another 300-word article published on the same page, Chamber of Deputies President Jose Antonio Moreno Rufinelli expresses surprise over the U.S. ambassador's remarks about the allegedly passive position taken by some Paraguayan officials on the establishment of legal conditions to lift the sanctions against Paraguay within the framework of the Generalized System of Preferences.

Moreno Ruffinelli states: "I am very surprised by those remarks, given the fact that Towell is an experienced diplomat. I do not think he was correct this time in criticizing Paraguayan Government officials." He goes on to say that he considers the ambassador's remarks to be very unfortunate but they do not represent meddling in domestic affairs.

Asuncion HOY in Spanish on 15 October on page 18 carries a commentary by Hiro Ballasch entitled "Timothy Towell." The commentary states that Ambassador Towell's remarks could have contained some truth but that the Paraguayan request for reinstatement within the GSP has not been treated accordingly.

The commentary includes reports from the newspaper NOTICIAS quoting the U.S. ambassador's criticism of trips by Parguayan officials to Miami and Taiwan. The commentary adds that with his remarks the ambassador has assumed an extremely triumphalist position and that he should have instead commented diplomatically on the risks that these trips could entail. He later states that the energy wasted in comings and goings, in meetings at the embassy, etc., could have been better applied to efforts to get the commercial sanctions lifted.

Asuncion ULTIMA HORA in Spanish on 15 October on page 9 carries a 300-word article in which Deputy Gustavo Riart of the Authentic Radical Liberal Party says that what Ambassador Timothy Towell did was "simply mention a reality of which we must be conscious." "Where the U.S. diplomat was wrong was when he blamed the problem on the legislative branch," Riart says, because he is witness to the fact that workers and union leaders still have to agree on what to modify in the Labor Code.

The article concludes by stating that on 18 October the Chamber of Deputies will discuss the U.S. diplomat's intervention, "which many people consider unfortunate."

The same newspaper carries on page 12 a 250-word article in which United Labor Federation leader Anibal Barreto says that the U.S. ambassador's intervention was "correct and opportune." Barreto adds that he fully agrees with the U.S. diplomat but regrets that the statements were made by a foreign diplomat and not by government authorities. Barreto says he does not think the statements were "interference or an attack on our national sovereignty, as many politicians consider them to be."

The same newspaper carries on the same page a 300-word article in which Jose Fernandez, president of the Paraguayan-American Chamber of Commerce, is quoted as saying that "I do not think that Ambassador Towell did not know" that we were working on a new Labor Code, "he only made comments on the slowness in approving it." Fernandez further says that "in analyzing the situation, the U.S. Government is closely following progress toward a goal that the Paraguayan Government, through its representatives, has promised to fulfill."

Government Submits Letter of Intent to IMF

PY1410210090 Asuncion HOY in Spanish 13 Oct 90 pp 16, 17

["Text" of letter of intent submitted by the government to IMF Managing Director Michel Camdessus; numbering as published]

[Text] 1. The democratic Paraguayan Government that took power in February 1989 inherited a difficult economic situation. After a strong contraction of the Gross Domestic Product [GDP] at the beginning of the 1980's, the economy grew at a relatively satisfactory rate, although inflation increased to high levels as compared to the country's historical experience.

The acceleration of inflation was accompanied by a strong reduction of international reserves and the accumulation of delayed payments on the foreign debt. These problems were the consequence of a strong fiscal unbalance (partially covered by foreign exchange subsidies to the public sector under the system of multiple exchange rates), a strong expansion of domestic credit, negative interest rates, and several structural conditions.

2. The new government of President Andres Rodriguez has implemented important measures to face these problems. Only weeks after taking over, the government decreed the unification and floatation of foreign exchange rates and eliminated the system of bank withholdings on exports. These measures helped to increase the competitiveness of our exports and clarify our public finances.

Important efforts were later made to reduce the fiscal deficit by increasing taxes, collecting delayed royalties and compensation from the Itaipu Binational Entity,

adjusting public utility rates, and controlling our fiscal spending. These measures were accompanied by interest rate adjustments and the simplification and reduction of customs tariffs.

3. These corrective measures and the existence of a favorable external climate—until the current oil crisis—were reflected in a satisfactory level of economic activity and the accumulation of international reserves, although accompanied by additional delays in foreign payments.

The GDP in real terms increased at an average rate of 4.5 percent during the past two years despite the climatic problems of 1990. Our international reserves grew from low levels at the beginning of 1989 to nearly $610 million in September 1990.

Prices during the past 18 months, however, have increased alarmingly. Inflation went from 17 percent in 1988 to 29 percent in 1989 and 35 percent in the 12 months ending in September. The recent marked revaluation of currencies of neighboring countries and adjustments made to public utility rates and salaries increased the inflationary pressure. The main factors, however, have been the persistent negative interest rate and the rapid expansion of credit to the private sector in a situation of rapidly increasing international reserves.

4. The corrective fiscal measures and the collection of royalties and compensations from Itaipu mentioned above have produced a change in the public sector's financial position, which moved from a deficit of 2.4 percent of the GDP in 1988 to a surplus of 2.3 percent of the GDP in 1989 and a probable surplus of 2.2 in 1990.

There still are, however, important fiscal problems that must be corrected. The tax burden in Paraguay—close to 8.5 percent of the GDP—is one of the lowest in the world, reducing the government's capacity to provide adequate basic services and infrastructure.

8. In support of its economic program, the Paraguayan Government requests a standby loan from the IMF for a period of 15 months, through March 1992. The main features of this program, including its quantitative targets, follow.

9. The program target for the public sector surplus is 0.5 percent of the GDP in 1991, compared with an estimated 2.2-percent GDP-related surplus in 1991.

The 0.5-percent GDP-related surplus in 1991 will result from a 1.2-percent GDP-related surplus for the government (central administration and decentralized agencies) minus a 0.7-percent GDP- related deficit for public enterprises.

The program includes the nonfinancial public sector's quarterly needs for financing from domestic and external sources. The government's current revenues are projected to remain at about 13.5 percent of the GDP, including royalties and compensations from the Itaipu Binational Entity.

The government's total expenditures would increase from an estimated 10.5 percent of the GDP in 1990 to 12.25 percent of the GDP in 1991 through an increase of public investments from the current low levels and an increase in outlays for salaries and pensions.

The increase in salaries and pensions primarily reflects corrective readjustments in teachers' salaries and possible readjustments of pensions for Chaco War veterans.

To limit the growth of expenditures in wages and salaries in the public administration, we have established rigorous criteria to control new hiring; new hiring will be practically frozen, except in very special cases that will have to be personally authorized by the president of the Republic and cleared by the finance minister.

To reduce public employment in the medium term, the government will not fill automatic vacancies resulting from voluntary resignations and retirements and will only make selective readjustments of salaries for certain categories of specialized professionals.

The 1991 budget also contemplates an important increase in social expenditures, mainly in education, health, housing, and agrarian reform, to alleviate existing deficiencies in these sectors.

10. The government has prepared the first draft of a reform of the tax code and is now receiving suggestions from the private sector to be considered for inclusion in the revised version.

The objective of this reform is to simplify the tax system, making it more equitable and flexible, to ensure the growth of national revenues and to make the allocation of resources more efficient.

The proposals being discussed include the replacement of 80 taxes with a total of 12, including a value-added tax and a personal income tax. The revised version of the tax code reform will probably be introduced in Congress' next period of sessions.

In the meantime the government will introduce the measures it deems necessary to correct the erosion of the tax base caused by inflation in recent years. These measures will include the readjustment of some specific taxes and updating tax-assessment values of urban and rural properties to better reflect their market value.

Moreover, our continuing efforts to control tax evasion and improve tax administration will be stepped up. With this goal in mind, the tax administration has been consolidated under a new Tax Revenues Undersecretariat in the Finance Ministry.

11. The government's long-term strategy for public companies is to increase efficiency and to modernize entities providing services and basic raw materials, including electricity (ANDE) [National Electric Power Administration], telecommunications (Antelco) [National Telecommunications Administration], water and sanitation (Corposana) [Water and Sanitation Corporation], and oil (Petropar) [Paraguayan Petroleum, Inc.].

The state will also attempt to reduce its participation in activities that have produced large deficits in the past,

such as the production of steel and iron (Acepar) [Paraguayan Steel, Inc.], cement (INC) [National Cement Industry], alcohol (Apal) [Paraguayan Alcohol Administration], the national airline (LAP) [Paraguayan Airlines], and the merchant fleet (Flomeres) [State Merchant Fleet].

The first measures will be to reduce costs, sell assets, and straighten out external and domestic debts. The government will carry out an audit of the Central Bank's portfolio of debts to public enterprises to find mechanisms to correct the situation as soon as possible.

At the same time the legal status of these companies will be changed to allow national and foreign investors to purchase shares of these companies over the medium term. Efforts to improve the efficiency of public companies will be backed up by a policy of gradually increasing public utility rates to levels that will allow companies to cover their operational costs and a large portion of their investments and debt services.

In keeping with this policy, public utility rates were increased in May 1989 and January and April 1990. Additional adjustments were implemented in September 1990, including—due to the recent hikes in international oil prices—a 33-percent increase in fuel prices and the elimination of subsidies on diesel oil for transportation owners; a 20-percent increase in electricity and telephone rates; and a 50-percent increase in water rates.

The government will closely monitor the finances of public companies and, as a matter of course, periodically revise its rates in keeping with the evolution of costs. Furthermore, the government will make special adjustments to fuel prices to the extent necessary due to future increases in international prices.

12. Salary policy will be consistent with the growth of employment in the private sector, the decline of inflation, and the need to maintain competitiveness with foreign products. Salaries for public servants were increased by 10 percent in July 1990 and the minimum wages for private sector employees were increased by 15 percent in June 1990 and an additional 15 percent in September 1990.

Future salary hikes throughout the duration of this program will be consistent with fiscal objectives and the program's goal of reducing inflation. Private sector wages above and beyond the minimum will continue to be dictated by the market.

13. The monetary program that is being implemented has been designed to drastically reduce the inflation rate and to achieve a balance of net international reserves in 1991 while allowing, at the same time, a reasonable increase in credit available to the private sector.

This objective is set forth in the program for quarterly restrictions on net domestic assets and net international reserve targets of the Central Bank. The executive branch has submitted a bill to the legislative branch to amend Article 63 of the Central Bank Charter to allow commercial banks to grant loans in foreign currencies. Moreover, the Central Bank will authorize commercial banks to carry out export prefinancing operations in foreign currencies.

The amounts involved in both operations are anticipated to be limited initially, while the participants gain experience. The program, however, does set indicative limits on the net internal assets of the banking system, which will be closely supervised by monetary authorities so that corrective measures can be adopted should the inflow of capital significantly surpass the amounts projected in the program.

14. In recent years Paraguay's financial system has been affected by a lack of adequate instruments for monetary control, high required deposits, minimum sectorial portfolio requirements, and insufficient supervision of financial institutions.

Limits on interest rates for borrowing and lending have discouraged financial savings in local currency, distorting the allocation of credits and making commercial banks strongly dependent on subsidized discount-rate loans from the Central Bank.

To correct these problems, the government has begun to implement a broad reform of the financial system. The main elements of this reform are: a) a liberalization of interest rates; b) the creation of adequate instruments for monetary control, including a money window that will lead to open market operations with monetary regulation letters and term deposits; c) the creation of adequate conditions for programming, supervising, and implementing monetary policy; and d) a strengthening of prudent controls over the financial system.

Some of those measures have already been implemented in 1990. In January interest rates on loans from financial institutions, covered with deposit certificates, were liberalized. In February the Central Bank discount rate was hiked 1.75 percentage points, raising it to 22.75 percent (and to 19.75 percent at the National Development Bank). In March the Central Bank authorized the operation of a money window and submitted a bill to Congress to eliminate obstacles for the operation of an open market, which is expected to begin operations soon.

In April interest rates on savings and term deposits in banks and financial institutions were liberalized, completing the liberalization of borrowing rates in the financial system.

Even more important was the October announcement that limits on bank lending rates had been eliminated and that the Central Bank discount rate had been readjusted from 22.75 percent to 30 percent (28.5 at the National Development Bank).

In January 1991 we will announce a new system for determining the discount rate, based on a reference rate higher than what it costs for commercial banks to raise money by attracting deposits. This system will stimulate commercial banks to compete for new deposits instead of resorting to Central Bank discount-rate loans.

At the same time the Central Bank discount rate charged to the National Development Bank will be made equal to that charged to commercial banks.

15. As a consequence of the recent oil price increases, it is expected that the current balance of payments account will deteriorate, resulting in a deficit of 0.8 percent of the GDP in 1990 and a deficit of 2.7 percent of the GDP in 1991, notwithstanding increased export earnings and the income from Itaipu royalties and compensations.

16. As has been observed, in recent years Paraguay has accumulated a large amount of debts in arrears and will still be facing high foreign debt obligations during the term of the program. In September 1990 Paraguay eliminated its foreign debt with Brazil within the terms of the debt restructuring agreement signed in April 1989. Paraguay paid $436 million (equivalent to 22 percent of the total remaining Paraguayan foreign debt by the end of 1989, at an average discount of 75 percent, thus contributing to greatly lightening debt servicing in the short term. [no closing parenthesis as published]

To completely normalize its relations with foreign creditors, the government will request a rescheduling of its debt with Paris Club creditors. It will also seek to reach an agreement with commercial banks to restructure its debt based on market criteria with several options. Within this context, the overdue foreign debt will be reduced and finally eliminated. Management of debt policy will be aimed in general at improving payment terms to obtain a more favorable profile of the Paraguayan foreign debt.

For this purpose, external financing will consist mainly of long- term loans from multilateral and bilateral institutions and reductions in short-term and commercial-term debts. The Finance Ministry and the Paraguayan Central Bank will also strengthen their mechanisms for approving and controlling the foreign debt.

The total guaranteed or foreign debt of Paraguay will amount to an estimated $1.6 billion by the end of 1990 and will not be greater than $1.8 billion in 1991. The program includes the imposition of quarterly ceilings on additional obligations, which will have to be repaid within five years.

17. By the beginning of 1989, the import and export tariff system had been simplified considerably and a new system had been established through lowering taxes on imports from neighboring countries and products in the tourist sphere.

As can be seen, the appraisal system [aforos] was replaced by a temporary system of withholdings on traditional exports ranging from one to seven percent. In January 1990, import taxes on cars were reduced from 32 to 18 percent for gasoline cars and from 20 to 12 percent for fuel alcohol cars.

The government will introduce additional modifications to the mid-term trade policy with the purpose of lowering effective protection and sectorial dispersion and increasing incentives on exports. With this goal in mind, the government will seek the help of the World Bank and other international agencies to design and implement a more efficient import and export tax structure and to reduce nontariff barriers. The government will also seek to identify new income sources which will allow it to eliminate the withholdings on exports in the medium term. In order to become better integrated with the international economy, Paraguay has requested admission to the GATT and the Multilateral Investments Guarantee Agency (MIGA).

The Paraguayan Government is committed to correcting these macroeconomic imbalances and carrying out structural reforms to drastically curb inflation, improve prospects for growth and employment in the country, better distribute income, and strengthen the balance of payments.

The private sector has been assigned a key role in the nation's effort to increase savings and domestic investments and to attract foreign investors. At the same time the government will continue its efforts to increase the efficiency and openness of the public sector and to improve its financial standing.

6. Within the framework of this medium-term strategy, the government's economic program through the end of 1991 is aimed at: reducing the inflation rate from the estimated 45 percent in 1990 to 15 percent in 1991; paving the way for future reductions of the inflation rate in years to come; normalizing payments abroad; and maintaining a GDP growth rate of approximately three percent [period not specified].

To fulfill these objectives, the government will implement a cautious fiscal policy which will be backed up by a prudent credit policy including structural adjustments, adjustments in interest rates, and the maintenance of a flexible exchange rate to ensure an adequate level of competitiveness with other countries.

These policies will be backed up by a reform of the financial system and the streamlining of operations of key public companies.

Peru

Mrs. Fujimori on Rio Group Summit, Contacts, Aid

PY1510144490 Lima Television Peruana in Spanish 1100 GMT 15 Oct 90

[Text] The president's wife, Mrs. Susana Fujimori, has announced in Lima that she has obtained a $10-million loan in Venezuela when she went to Caracas to attend the Rio Group summit.

[Begin recording] [Reporter] How was the Caracas meeting at which you represented Peru?

[Mrs. Fujimori] Fortunately, Peru was represented at that meeting, and we were able to say proudly: Peru is here.

[Reporter] What can we learn from Venezuela? We have seen on the television that you met with Venezuelan ladies to exchange views. What was this exchange like? How will they help us?

[Mrs. Fujimori] Let us just suppose for a moment that you are Venezuela and I am Peru, and let us imagine that I ask you for a loan and when you invite me to visit you at your home, I do not go. How would you feel?

[Reporter] What did they say? Will they give a lot of assitance? Did they mention amounts?

[Mrs. Fujimori] It will require further coordination. The exact amount has not been set. In any case, the important thing was to be there because otherwise Peru would have been the only country absent.

[Reporter] Did you tell them that the aid is needed especially for the children?

[Mrs. Fujimori] I told them that we needed all kinds of help because I did not go as a representative of the Peruvian women alone; I also represented the president. I had a dual role to play, and it was terrible.

[Reporter] What would you like to tell Peru at this time? Do you call for unity, for an end to the negative approach so that we can forge ahead leaving aside personal interests?

[Mrs. Fujimori] That is it. Everyone saw that Peru is not united. In order to overcome the current crisis we need unity. We need to show that we get along with each other at home. [end recording]

MRTA Members Seize ANSA Office in Lima

PY1510233590 Lima Television Peruana in Spanish 1800 GMT 15 Oct 90

[Text] As we reported a few minutes ago, at 0930 today three MRTA [Tupac Amaru Revolutionary Movement] terrorists held up the office of the Italian news agency ANSA [Associated National Press Agency], where they planted a bomb.

Alberto Ku King provided information on the incident:

[Begin recording] [Unidentified reporter] Mr. Ku King, how did the MRTA terrorists take over this office?

[Ku King] At 0845, as one of our journalists was entering the office, he was overwhelmed by some armed youths who were outside. They forced him into the office. Our personnel were already in the office, and I was working in my office. They forced us to sit down and to look at the floor. They then... [changes thought] they knew us all by name and they addressed each other as number one, number two, number three. They then forced me to sit at the desk and type a proclamation that they dictated. While typing I made a mistake and the hooded person who was beside me told me that I should not try to fool him because he would shoot me.

[Reporter] To which countries was the proclamation sent?

[Ku King] For security reasons, all agencies—let me be very clear about this—all agencies release this type of information not for propaganda but for the safety of their personnel. [sentence as heard] [end recording]

Group Issues Statement

PY1510233990 Buenos Aires TELAM in Spanish 1456 GMT 15 Oct 90

[Quotation marks as received]

[Text] Lima, 15 Oct (TELAM-ANSA)—A subversive command of the Tupac Amaru Revolutionary Movement [MRTA] took over the Italian ANSA news agency in this capital by force, threatening the personnel with firearms and forcing them to transmit a communique.

In its dispatch number AN5975, transmitted at 1125 (Argentine time) [1325 GMT], the ANSA office in Lima transmitted the following explanation: "Attention editors ... the following message is being transmitted because the ANSA office in Lima has been taken over by an MRTA armed group who are threatening the personnel at gunpoint." The message goes on to say:

The Tupac Amaru Revolutionary Movement (MRTA) reports to the Peruvian people and to the international community, with revolutionary joy, that it held its third central committee plenum in September, somewhere in the national territory, under the slogan unity, struggle, and popular power. The plenum was justifiably named the "Heroes of Los Molinos" in homage to the heroic MRTA fighters who died in the Los Molinos battle [not further identified].

The message says: "It is now possible to plan our rural military action, to improve the power of the MRTA actions, and to build up popular power. Regarding urban military action, the plenum debated the importance of strengthening the revolutionary commands throughout the country and discussed the fusion that must exist between the militia and the people to strengthen the fighting power of the masses.

Regarding the work of the masses, the plenum indicated the need to encourage not just the forefront MRTA members but also the entire population to strengthen their struggle and their organization, and to work for the unity of our people.

Mexico's PAN Leader on Fujimori Administration

PY1510180790 Lima Television Peruana in Spanish 1100 GMT 15 Oct 90

[Text] Luis Alvarez, president of the Mexican opposition National Action Party [PAN], has praised the policies of President Fujimori.

[Begin recording] [Reporter] What can you tell us about your visit to Peru and with the president of the nation?

[Alvarez] I have come to exchange views about a number of subjects, including the ongoing democratization in Latin America, the long-cherished dream of integration, and the ways and means to tighten the bonds between the Peruvian and Mexican peoples.

[Reporter] How do you see...

[Alvarez, interrupting] I had a very interesting talk with the president. I certainly feel that Peruvian affairs are in very good hands.

[Reporter] What is the opinion in Mexico of President Alberto Fujimori's administration?

[Alvarez] We believe that it is what most Peruvians wanted, and we believe that what happened here should be an example for the rest of Latin America. From what we have seen so far, I would say that the Peruvian people did not make a mistake.

[Reporter] Do you believe that Peru can overcome its crisis?

[Alvarez] The problems that the president has inherited are not easy. He will, I am sure, deal with the situation as we had to, and I am sure that Peru will overcome its difficulties through the joint efforts of the government and the people.

[Reporter] Did you discuss any concrete joint actions at your meeting with President Fujimori?

[Alvarez] No, the meeting simply gave me the opportunity to hear the president's ideas first hand. [end recording]

State of Emergency Decreed in Four Puno Provinces

PY1510174390 Buenos Aires TELAM in Spanish 2100 GMT 14 Oct 90

[Text] Lima, 14 Oct (TELAM-EFE)—Police sources reported today that at least eight people were murdered during attacks by armed columns of the Shining Path terrorist organization over the past 24 hours in various areas of Peru.

Five peasant leaders were murdered in Huaychaco, a village in the hilly sector of the northern department of Libertad, and the mayor and the justice of the peace were killed in Sanagoran, some 30 km from Huaychaco. Their names have not been released.

Both attacks occurred on 13 October when groups of approximately 20 Shining Path terrorists set houses and the Sanagoran municipality on fire after committing the other crimes.

The government has decreed a 30-day state of emergency in four provinces of the department of Puno, in the southeastern part of the country, because it considers that "subversive elements" are carrying out a series of violent actions that "seek to create an atmosphere that would interfere with the normal development of public and private activities."

French Guiana

Further on 12 Oct Ariane Rocket Launch

PA1510234490 Paris AFP in Spanish 0109 GMT 13 Oct 90

[Text] Kourou, French Guiana, 12 Oct (AFP)—Since its last launch in July, the European Ariane rocket achieved its third successful launch the night of Friday, 12 October, by placing two privately owned U.S. satellites in geostationary orbit.

For its 39th flight, Arianespace used its most powerful model, an Ariane-441, equipped with four enormous additional rockets based on liquid fuel [ergoles liquidos]. The added power was indispensable to transport the 4.208-kg joint weight of the SBS-6 and Galaxy-6 satellites. After the scheduled countdown without incident, the first of the two anticipated window shots occurred.

The rocket began to elevate at 2258 GMT with a one-minute delay behind the scheduled time, because those responsible for the launch decided to fill the rocket's deposits fully in order to permit the satellites to reach an orbit close to 37,000 km, rather than the originally planned 36,000 km.

The two satellites of Hughes Communications Incorporated were placed in orbit as scheduled, the SB-6 at 20 minutes 41 seconds after the launch, and the Galaxy-6 six minutes and 31 seconds later.

Within a few days, both satellites will start their respective apogee motors to reach their definitive geostationary orbit at some 37,000 km, where they will place themselves on the vertical of the Galapagos Island for an estimated 15 years.

These satellites will transmit telephone or television transmissions, the SBS-6 for the United States and the Galaxy-6 for all of North America, including Canada and the Caribbean.

Guyana

Agreements Reached During Carter Visit

FL1510154590 Bridgetown CANA in English 1416 GMT 14 Oct 90

[Report by Courtney Gibson]

[Text] Georgetown, Guyana, Oct 14, CANA—Former United States President Jimmy Carter has helped bridge a chasm between Guyana's ruling People's National Congress (PNC) and the several opposition parties in the South American Republic. Carter's 24-hour October 12-13 visit—in connection with an election the government wants him to observe—yielded a number of significant agreements which could help remove doubts about the fairness of the country's electoral process.

Political analysts say the most significant is that President Desmond Hoyte has agreed there will be a preliminary counting and tabulating of the votes at the place of poll. This puts an end to an age-old practice and was one of the opposition's major demands for free and fair elections. Carter said there may be a few cases of exception with respect to this agreement and his own hope is that these exceptions for voting places in remote areas of the country will be minimal.

Another major agreement is that there will be a complete revision of the country's voters' list, possibly with a house-to-house enumeration exercise.

These and other agreements were announced by Carter at a press conference at the presidential secretariat here attended by Hoyte. The agreements were considered significant enough to allow Carter to conclude that the conditions here will be favourable enough to allow him to recommend that his 18-member Council for Freely Elected Heads of Government mount an observer mission to monitor Guyana's forthcoming general election. Carter called them "historic" and Hoyte said they set the stage for an election so transparent that no reasonable person will be able to impeach its validity.

Carter, who met separately with leaders of both the PNC and of the opposition parties, said he has been assured by Hoyte that there will be fair and equitable treatment for the several parties in the granting of permission for holding public meetings. There would be fairness, too, in the granting of access to the public news media—including the two state-owned radio channels.

One issue "not completely resolved" has to do with the character of the elections commission. This is a three-member body comprising two officials separately nominated by the PNC and the opposition People's Progressive Party (PPP)—the only two parties with more than five seats in the National Assembly—and a chairman, who must be an eminent jurist, nominated by the president in accordance with the country's Constitution.

"Our suggestion is that there might be an expanded elections commission that will give a broader opportunity for the different elements in the country's political system to participate," Carter told journalists. The opposition has been demanding that there should also be a new chairman of the commission to replace Sir Harold Bollers. Carter noted, however, that the chairman could be removed only "for cause." He said there have been "no allegations at all against the chairman's distinction or his integrity. That is a matter that I think can be satisfactorily worked out," he added.

Carter said he believes that while the kinds of reforms Hoyte has endorsed will not necessarily transform the integrity of the electoral process in Guyana, they will help to ensure that the losing parties do not make allegations that the elections were rigged. The reforms will also let the international observers certify to the world, in case there is an altercation, that the elections were fair, that the will of the Guyanese people was accurately expressed in the results, and that the leaders are "the legitimate leaders," Carter told reporters.

He said everyone agrees that the reforms are going to require some delay in the holding of the elections. He said that while under the current constitutional provisions, the elections might be held as late as May 2, 1991, he was not sure how long it would take to make the necessary arrangements, and it might become necessary to make "some small revisions in the law."

Carter said he was "extremely grateful," particularly to Hoyte for taking what he considered "a historic step in trying to bring an end to the very damaging allegations against this country." Carter said "true or false," these allegations about rigged elections have been very damaging.

"This is a major step forward," Carter said. "This is a historic step in proving to the world that this is a nation whose elections have complete assurance of being open, fair, honest, and safe."

Hoyte thanked Carter and his team for their "excellent work.... in, as it were, bridging differences between the government and the governing party on the one hand, and the opposition parties on the other." He said he benefitted immensely from Carter's great experience and wisdom and he was sure the opposition parties did likewise. He was also sure that as he discussed the various possibilities with opposition leader Dr. Cheddi Jagan and other interested parties, Guyana "will be able to move forward to the conduct of an election which is so transparent that nobody could reasonably impeach its validity." Hoyte added, "after all, that is what I'm working towards and, I believe, what all the people of Guyana are working towards."

Carter Advocates More U.S. Aid

FL1510180090 Bridgetown CANA in English 1633 GMT 15 Oct 90

[Text] Georgetown, Guyana, Oct 15, CANA—Lauding steps by the Hoyte administration towards reforming Guyana's controversial electoral system, former U.S. President Jimmy Carter says he will push for increased American economic aid for Guyana.

Carter made the comment to reporters here on Saturday at the end of a two-day visit made to assess steps being taken to ensure that forthcoming general elections will be free and fair. The visit was at the government's invitation.

Amid allegations of electoral fraud here in the past, a congressional committee recently voted to suspend U.S. 600,000 dollars in aid to Guyana, pending major electoral reforms to ensure the forthcoming ballot would be free and fair.

"I will be assuring the Congress—the key members that have been so critical of Guyana, and withheld aid and reduced aid every year—and also President Bush, that I can certify that the allegations of the past should be

forgotten," Carter told reporters. The former U.S. President, who will observe the forthcoming election, said these assurances were based on pledges from President Desmond Hoyte, the ruling People's National Congress (PNC) and opposition parties that "the (forthcoming) election will.... be of such a character that it can be certified to be honest and open."

Carter said there were many members of Congress, particularly among the majority Democrats, who listen to him "with at least some interest." Calling the current efforts at electoral reform a "historic step" and "a very admirable thing," Carter said Guyana "should certainly be rewarded by an increase in economic aid and other kinds of assistance."

During his stay, Carter managed to get the government to agree that there would be a preliminary count of ballots at the place of poll—a longstanding opposition demand. The government also promised there would a complete revision of the voters list before the election is held. A preliminary voters list, published two weeks [ago] by the elections commission, has been roundly criticised by all parties because of numerous flaws.

Carter told the news conference which he shared with President Hoyte, that Guyana had the greatest untapped potential of all the member countries of the Caribbean Community (Caricom). He said he was "fascinated and very gratified" with the government's efforts at reform, including "moving back towards a free enterprise system and having former major (foreign) investors come back in."

IFES Says Election List Errors 'Technical'

FL1510184590 Bridgetown CANA in English 1653 GMT 15 Oct 90

[Text] Georgetown, Guyana, Oct 15, CANA—Technical errors made at the National Data Management Authority contributed to the numerous flaws which appeared on the recently-published preliminary voters list here, said a representative of the International Foundation for Electoral Systems (IFES).

"From what I saw at the data centre and from talking to the personnel (there), I am absolutely convinced that the fundamental errors and difficulties with the list—the dead not being removed, people born in December not being included, and addresses not being run—were purely a problem of software programming," Ronald A. Gould, deputy director of Elections Canada, told CANA.

The IFES has been contracted by the United States Government to advise it on how best to assist the Guyana Elections Commission to discharge its functions in supervising forthcoming elections. The U.S. Congress has already voted some U.S. 693,000 dollars for this purpose.

The preliminary voters list was roundly criticised by all political parties. President Desmond Hoyte has promised a complete revision of the list before the election is called. Shortly before leaving here at the weekend, Gould said he and a colleague, Randal C. Teage, counsel, IFES, were able to obtain "all the comprehensive information" they were looking for with respect to the electoral needs as identified by the elections commission.

"We were able to accomplish our mission within our terms of reference and we were able to get a comprehensive picture.... with respect to the forthcoming elections and, of course, the registration process," Gould told CANA. He said that having looked at the country's Constitution and election laws "in a general way," he and his colleague had concluded that both were designed in such a way that they can lead to free and fair elections.

Gould added: "The process which is now in place is the process which can lead to free and fair elections with perhaps a few checks and balances and modification. But it boils down to the will of the people. If those responsible for the elections—those participating in the elections as voters or as poll officials—do not have the will to ensure and make the system work, the system will not work." He said that view held true for any country, whether Guyana, Canada, or the United States, for "it is the people that make the system work, not the supplies and not the law, (for) the law is merely the base to work from."

He said his team's specific recommendations would deal with supplies and materials, some of which may be leased, purchased, or manufactured locally. The IFES team will be submitting a list of recommendations and suggesting the priority ratings. Gould noted, however, that if the elections were held in December, there would be some things that would be impossible to supply even though they would be highly desirable.

"The date of the elections will play an incredibly important role in terms of which of our recommendations are (implemented)," Gould said. The elections, according to the Guyana Constitution, are due by next March at the latest.